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Reagan's allies press for the truth, Page 4

Pretoria puts new squeeze on media

BY ANTHONY ROBINSON IN JOHANNESBURG

THE South African Government yesterday extended its restrictions on the local and foreign media in a move widely condemned as eroding the basis of civil liberty and democracy.

The new restrictions tighten and extend the existing emergency regulations, which restrict reporting on "unrest" and actions of the security forces. They also ban reporting on a long list of "subversive" actions, including boycotts, illegal strikes and opposition statements without prior official authorisation.

Failure to comply with the regulations is punishable by a fine of up to R20,000 ($4,850 at the financial exchange rate) or up to 10 years imprisonment or jail without an option. Responsibility for the new restrictions is in the hands of Mr Stoffel Botha, Minister of Home Affairs.

The new curbs, defended by the Government as being needed to cope with a "co-ordinated revolutionary onslaught," brought swift and widespread condemnation from both left and right of the political spectrum and the media. Mr Colin Eglin, leader of the white opposition Progressive Federal Party (PFP) said the new "draconian measures" pronounced the death sentence on press freedom. The fact that only ministerial statements, and not those of the opposition, were excluded from the restrictions also "struck at the heart of the parliamentary system," he said.

For the extreme right wing Herstigte Nasionale Party (HNP) the moves showed that the Government "had allowed unrest to develop to such an extent that it has had to take extreme measures to regain control."

A further report on Page 6 by our Johannesburg correspondent has been censored by the South African authorities.

Mr Louis van Winsen, chairman of the Media Council, the press watchdog, said the restrictions would not only deprive the public of vital information but also of the knowledge that they were being deprived.

A leading article in the local Business Day newspaper asks what the Government hopes to achieve and predicts that the moves will keep the public, especially the white public, ignorant but will not stop strikes, boycotts and other opposition because their causes are not to be found in the press but in the state of the country. Acting editor Mr Neil Jacobsohn said that reporters had been instructed not to let themselves be intimidated or self-censor themselves but report fully and leave editorial decisions to the editors.

As editors consulted with press lawyers last night on the implications of the new restrictions the South African Press Association sent out an urgent message "killing" an earlier report on legal moves planned by the United Democratic Front (UDF) to challenge the restrictions in the supreme court which the "relevant department" refused permission to publish.

The regulations forbid the media to publish blank spaces or any other indication that news or comment has been censored and empower the Minister to close down or forbid the import of publications for up to three months. Since the state of emergency was declared on June 12 most South African publications have carried a disclaimer advising readers that news has been censored.

A front page comment carried by the English language Pretoria News yesterday summed up media reaction. It said that South Africa had joined a long list of autocracies, "including its arch-foe the Soviet Union" whose common characteristic was "political control of the press and thereby of free speech for all." It concluded: "This is a desperate action by desperate people who demonstrate that they are unfit to govern."

Although the media are a main target of the new restrictions they are also intended to demonstrate that sanctions and other punitive measures taken by foreign companies and countries.

World news

Food riots force Kaunda to back down

Zambian President Kenneth Kaunda last night backed down in the face of widespread rioting over food price rises and announced that the cost of high-grade maize meal, a staple food, would be halved.

His statement, in an address on television and radio, reverses a policy of phasing out consumer subsidies and calls into question the future of the country's relations with the International Monetary Fund, which has been backing an austerity programme.

Rioting spread yesterday from copper mining towns in the north to the capital, Lusaka, and Dr Kaunda said Zambia had never before seen such scenes of looting. Page 20

Israel raid kills 15

Israeli jets struck at Palestinian bases near a refugee camp at the edge of the northern Lebanese city of Tripoli, killing at least 15 people, including four guerrillas. Page 6.

UK-Iran meeting

A British diplomat in Tehran will meet Iranian Foreign Ministry officials on Sunday to discuss the case of Roger Cooper, 51, a British businessman charged with spying.

Border reinforced

France said it had reinforced its border guard along the 500km frontier dividing French Guiana from Surinam, now embroiled in a worsening civil war. It denied there was any planned invasion. Page 4

Nicaragua warned

President José Azcona of Honduras has warned neighbouring Nicaragua that any new Sandinista incursion would be met by the full force of the Honduran military.

Moscow's guest

General Najibullah arrived in Moscow on his first visit as Afghanistan's leader amid a flurry of diplomatic activity aimed at ending the Afghan war. He was welcomed by Soviet Foreign Minister Eduard Shevardnadze.

Strike-hit Italy

A 24-hour railway stoppage brought new problems for Italians as a week of strikes continued to disrupt hospitals, schools and banks.

Sellafield threat

The Sellafield nuclear complex in Cumbria, England, has been ordered to improve its plant, operations, management and procedures or face being shut down within 12 months. Page 20

Dutch call visit off

The Netherlands has scrapped plans for Queen Beatrix to visit Japan following fierce protests from war veterans held in Japanese camps in World War Two. The visit would have included a meeting with Emperor Hirohito.

Himalayan rescue

Rescuers saved nine people who had been buried for six days after a Himalayan avalanche, digging them frozen and emaciated out of 10 feet of snow, the Press Trust of India said. They had taken refuge in a hut which was totally submerged in snow.

China taxes rich

China announced a new tax on its richest citizens in an attempt to prevent wide disparity in earnings. But the New China newsagency said the policy of encouraging more people to get rich would continue.

Military language

An Italian general who addressed conscripts as bastards, sons-of-bitches and cowards told a military tribunal at Padua that he had no intention of offending anyone. General Franco Bosio could face two years in jail as a result of complaints by the young soldiers involved.

Business summary

Owens Illinois faces bid for $3.3bn

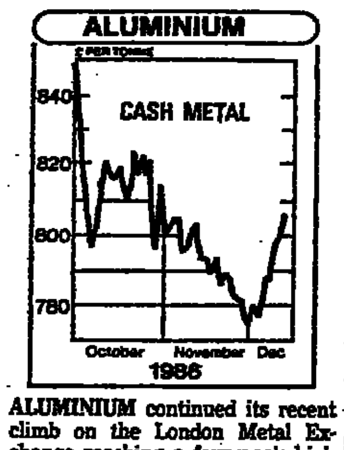
OWENS-ILLINOIS, largest US manufacturer of glass containers, said it had received a $3.3bn takeover offer from Kohlberg Kravis Roberts, New York Bank specialising in leveraged buy-outs. Page 21

VOLKSWAGEN, West German motor manufacturer, expects its 1986 profits to match last year's DM 596m ($298m), despite a 13 per cent setback in the third quarter resulting from problems in South America, the weak dollar and new model costs. Page 21

WALL STREET: The Dow Jones industrial average closed down 9.28 at 1,923.65. Page 42

LONDON: An early rally ran out of steam and the FT-SE index ended 0.6 lower at 1,634.0, while the FT Ordinary index lost 0.8 to 1,284.7. Page 42

TOKYO: Some blue chips advanced but investors remained cautious. The Nikkei average ended 44.93 lower at 18,731.25. Page 42



ALUMINIUM continued its recent climb on the London Metal Exchange reaching a four-week high of £806 a tonne. The cash position represented an increase of £6.50 on the day and £18 on the week. Page 34

GOLD fell $2.75 to $388.25 on the London bullion market. It also fell in Zurich to $388.75. In New York the February Comex gold settlement was $393.7. Page 34

DOLLAR closed in New York at DM 2.0135; SFr 1.6865; FFr 6.5995 and Y162.70. It rose in London to DM 2.0160 (DM 2.0105); it also rose to SFr 1.6880 (SFr 1.6815); and FFr 6.61 (FFr 6.59). It remained unchanged at Y162.65. On Bank of England figures the dollar's exchange rate index rose to 111.1 from 110.8. Page 35

STERLING closed in New York at $1.4265. It closed in London at $1.4235 ($1.4255); it also fell to Y231.50 (Y231.75). It rose in other markets to DM 2.87 (DM 2.8650); SFr 2.4205 (SFr 2.3975); FFr 9.41 (FFr 9.3950). The pound's exchange rate index rose 0.1 to 68.3. Page 35.

BOLIDEN, Swedish metals, chemicals and mining group, warned shareholders not to expect a dividend for this year. The company lost a record SKr 987m ($142m) in the first nine months because of falling metal prices. Page 21

US WEST, telephone holding company, is to take a one-off charge after tax of $52m in its fourth quarter, ending December 31, to cover a restructuring of its information systems unit. The charge will reduce fourth quarter earning by 27 cents a share.

WESTLAND, the UK helicopter company at the centre of a major political storm earlier this year, has reported a pre-tax profit of £26.4 for the year to the end of September. Page 13; Lex, Page 20

HAPAG-LLOYD, West Germany's biggest shipping company, placed orders for six Boeing 737-400 and three Airbus A310-200 aircraft.

NESTLÉ, Swiss foods group, will own 60 per cent of a $13.5m joint venture milk processing plant to be built at Shuangcheng in Manchuria. The plant will transform 40,000 litres of milk a day into baby food and instant milk powder.

VAUXHALL has won orders worth about £40m ($56m) to export its Cavalier cars to Europe for the first time in more than six years.

Nato set to discuss cuts in conventional forces with East bloc

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN BRUSSELS

THE 16 nations of the North Atlantic Treaty Organisation (Nato) yesterday agreed in principle to open new negotiations with the Warsaw Pact countries on reductions of conventional forces in Europe "from the Atlantic to the Urals."

It is the first time all members of Nato including France, which is not a member of the alliance's integrated military structure, have agreed to take part in East-West negotiations on conventional forces.

The decision, taken at the end-of-year meeting of the alliance's foreign ministers in Brussels was also Nato's first formal reply to last June's so-called "Budapest appeal" by the Warsaw Pact based on proposals made by Mr Mikhail Gorbachev, the Soviet leader.

Although it does not contain any details of the reductions Nato is seeking, the "Brussels declaration conventional arms control" as it has been officially titled, lays down a set of principles on which the negotiations should be based and suggests a new framework in which they would be held.

The declaration states that the reductions in nuclear weapons which are the subject of negotiations between the US and the Soviet Union would increase the importance of eliminating conventional disparities.

The present military situation in Europe was not stable and balanced as claimed by the Warsaw pact, the declaration said. It was marked by asymmetries and disparities which were detrimental to Western security. Nato's aim was to establish a stable relationship of conventional forces in Europe, while maintaining an effective deterrent policy involving both nuclear and conventional forces.

Proposals for a mandate for the new East-West negotiations will be drawn up by the same Nato high-level task force, set up at the last ministerial meeting in Halifax, Nova Scotia, in May which worked out the terms of yesterday's decision.

The draft mandate is expected to be submitted to the Warsaw pact countries at the Conference on Security and Co-operation in Europe (CSCE) to be held in Vienna in the early part of next year, and a joint East-West decision will then have to be taken on the terms of reference for the new negotiations.

While the negotiations themselves will take place under the overall umbrella of the 35-nation CSCE at a location yet to be fixed – probably in Vienna or Stockholm – they will in practice involve only the 16 Nato countries and the seven members of the Warsaw Pact who will form a sub-group of the larger conference.

The complicated compromise formula was worked out to accommodate the objections of France to bloc-to-bloc negotiations and the opposition of the US to any talks on troop and armaments cuts in the full forum of the CSCE, which includes neutral and non-aligned countries.

For the moment Nato's intention is to keep in being the Vienna-based mutual and balanced force reductions talks (MBFR), which have long been bogged down, until a satisfactory means of ending them has been found. Moscow has proposed that MBFR should be terminated by a token agreement, but the Western countries insist that such an accord should have real content.

During a debate at the Nato meeting on East-West relations after last October's US-Soviet summit in Reykjavik Mr George Shultz, the US Secretary of State, went out of his way to reassure America's European Allies that US foreign policy would not deviate from its previous course.

Israelis launch radical economic reform package

BY ANDREW WHITLEY IN JERUSALEM

THE ISRAELI Government has launched a radical economic programme designed to lay the basis for renewed growth after a decade of stagnation.

Mr Yitzhak Shamir, the Prime Minister, this week endorsed a wide-ranging Treasury plan aimed at slashing personal taxes reforming the country's inefficient social welfare system and opening up the domestic capital markets.

However, the plan is facing strong opposition and could place further strains on the coalition government.

The programme is due to come into effect in two stages, next month and in April; economic planners believe that the introduction of a 12-month wage and price freeze accompanied by deep, across the board cuts in public expenditure are essential to its success.

Highlights of the leaked government proposal include:

- The reduction of punitive top rates of personal taxation to a new ceiling of 45 per cent and the raising of the tax-free threshold to monthly incomes of SHI 850 ($570); a wide range of personal and corporate tax exemptions will also be abolished;
- A 20 per cent cut in welfare benefits and allowances combined with the introduction by the Health Ministry of user charges for certain services;
- Significant reductions in defence, health, education, and social welfare budgets. The burden will fall most heavily on defence and education and would be achieved by a combination of spending cuts and fresh taxes;
- Liberalisation of Israel's small capital markets, to release more funds for long-term borrowing by industry.

Predictable opposition has sprung from the Histadrut, the labour federation affiliated to Israel's Labour Alignment, without whose co-operation – however grudging – the Shamir plan is probably unworkable.

Arguing that the public would not be able to swallow such an enormous package of changes at one go, Mr Yisrael Kessar, the Histadrut secretary general, denounced the Governments plans as much too revolutionary.

A noisy contest over aspects of the plan is now in prospect. But senior economic officials said yesterday they were encouraged by initial reactions as there had been no wholesale rejection of its main goals.

Mr Shimon Peres, the Foreign Minister and Labour leader who, when Prime Minister, pushed through the July 1985 emergency economic stabilisation programme, gave the blueprint cautious approval.

Calling for prior consultations with the trades unions and industrialists, Mr Peres warned that unless the programme was implemented gradually it would arouse too much opposition and could collapse.

Israeli jets strike northern Lebanon, Page 6

SEC says probes extend beyond Boesky

By James Buchan and Roderick Oram in New York

THE SECURITIES and Exchange Commission (SEC), the US regulatory authority for the securities industry, yesterday confirmed that its investigations into Wall Street malpractice extended some way beyond the so-called "Boesky Affair."

In testimony before a congressional sub-committee in Washington, Mr Gary Lynch, head of the SEC's enforcement division, said that the body was investigating 22 cases of suspicious trading that involved Mr Ivan Boesky, the well-known Wall Street speculator, who last month agreed to pay $50m in penalties and $50m in repayment of illegal profits and cooperate with an SEC investigation into insider trading.

But he said that there were a further 16 cases under investigation that were not "necessarily all" related to Mr Boesky.

Mr Lynch was testifying before the first formal hearing on the Boesky affair at the investigations panel of the House Energy and Commerce committee. The revelations about the extent of the inquiry and the SEC statement that Mr Boesky had been "a co-operative witness" are likely to cause further unease in Wall Street.

The hearing was marked by some irritation on the part of committee members at the SEC's decision to allow Mr Boesky to liquidate a considerable part of his stock-market holdings, thought to be worth $440m, before going public with its charges.

While the SEC's chairman, Mr John Shad, once again insisted yesterday that this was necessary to prevent market disruption, the democrat chairman of the commerce committee, Mr John Bignell, asked whether Mr Boesky's inside information of his own arrest constituted a violation of the law on the part of the sector

In earlier testimony, the New York Stock Exchange was forced to admit that its much vaunted $20m investment in electronic surveillance systems was of only partial use against insider trading. The exchange advertised the investment in the newspapers last month under the heading: "Sherlock would be proud of us."

Mr John Phelan, chairman of the NYSE, said that the systems' ability to detect unusual trading patterns "doesn't mean that when we find suspicious trading activity, we can prove the activity is illegal."

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Boesky goes to ground, Page 20

Exxon sells Reliance Electric for $1.3bn

BY WILLIAM HALL IN NEW YORK

EXXON, the world's biggest oil company, yesterday announced that it was selling its Reliance Electric subsidiary for $1.35bn, marking the end of one of the most famous diversification blunders in modern US corporate history.

Reliance, a manufacturer of motors and other electrical equipment, was acquired for $1.2bn by Exxon in 1979 as part of an ambitious plan to mass-produce an invention known as the "alternating current synthesiser" (ACS). It was claimed that the invention, which was dubbed the "black box", would make electric motors far more efficient.

Generally speaking, electric motors run at full speed when operating. However, many applications require less than full speed, and the lower the speed at which a motor can operate, the less energy required.

Exxon won considerable publicity for its ACS technology at the time of the last energy crisis. The company predicted that the technology would result in a saving of 1m barrels of oil a day by 1990. However, the invention never proved commercially viable. Less than two years after the Reliance acquisition Exxon abandoned its invention.

Exxon's acquisition of Reliance was one of a spate of bids in the late 1970s by cash-rich oil companies anxious to reduce their dependence on the oil industry and curb the criticism of their huge profits. Several companies such as Standard Oil and Atlantic Richfield bought mining companies, Mobil bought a large department store group and Exxon diversified into synthetic fuels and office systems.

Almost all the moves proved to be costly mistakes and over the past few years most oil companies have been shedding their non-oil assets and concentrating on improving the efficiency of their basic oil businesses.

Exxon is selling Reliance and several other companies being managed by Reliance to a group of investors including Reliance's management, Citicorp Capital Investors and Prudential-Bache Securities. The deal is expected to be completed in late December and Exxon said yesterday that the sale would result in an after-tax gain of $275m.

Exxon said that its investment in Reliance between 1979 and 1986 would have produced a "substantially positive net cash flow." This takes into account Exxon's original purchase cost, movements of cash and property between Exxon and the Reliance group since acquisition and the sale proceeds.

NY Fed admits new dealers

By William Hall in New York

THE FEDERAL Reserve Bank of New York, which oversees the $250bn a day US Government securities market, yesterday added the first Japanese firms to its list of primary dealers in a move which will put pressure on the Japanese Government to open up its financial markets to non-Japanese institutions.

The move marks an important breakthrough for the Japanese firms – Nomura Securities International and Daiwa Securities America – which have been trying to win the coveted status of a US primary dealer in the face of fierce opposition from some US politicians.

It has been argued that Japanese financial institutions should not be permitted to be primary dealers until the Japanese securities markets were opened up to US securities firms.

However, the New York Fed said yesterday that in allowing Japanese firms to become primary dealers it expected to see further liberalisation by the Japanese Government and warned that if these did not occur it "might very well have to rethink actions already taken."

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Fraga successor to break with Spanish opposition grouping

BY DAVID WHITE IN MADRID

THE PRINCIPLE of taking one step back in order to be better placed to jump forward has been invoked by the new head of Spain's main conservative Opposition Party, Mr Miguel Herrero de Minon.

Making his first decisive mark as interim leader of Popular Alliance (AP) after the resignation last week of the party's founder, Mr Manuel Fraga, Mr Herrero has set the stage for breaking up the remnants of its policy of partnership with other right-wing forces.

A divorce between AP and the so-called Liberal Party (PL), its remaining partner in the Popular Coalition, is expected to be formalised next week following a meeting two days ago between Mr Herrero and the PL leader, Mr Juan Antonio Segurado.

Mr Herrero wants AP to contest next summer's municipal and regional elections on its own, in an effort to repair its own ranks before considering whether to join forces again. He is known to have regarded the coalition policy followed by Mr Fraga since 1982 with suspicion, considering that it benefited the junion partners more than AP itself.

The 105 members of Parliament elected for the coalition in the general election in June included 21 from the Christian Democrat Party (PDP) and 12 from the PL. In numerous areas the preference given to candidates from the junior parties caused resentment in AP ranks.

The PDP quit the coalition immediately after the election, blaming Mr Fraga for the right's failure to increase its score. With four of the AP's own members having defected in the interim, a formal break with the PL would leave AP still as the main opposition group but with only 68 of the 350 seats in Parliament.

● Gibraltar opposition leader Mr Joe Bossano said yesterday that the colony's airport should remain under British control, Reuter reports.

He made his remarks to Parliament in advance of talks in London on January 13 and 14 between Sir Geoffrey Howe, the UK Foreign Secretary, and Mr Francisco Franco Ordonez, his Spanish counterpart. They are expected to discuss joint use of the airport among other topics.

Czechoslovaks admit more oil spilled into Oder

BY LESLIE COLITT

ANOTHER SERIOUS oil spill has contaminated the River Oder, according to the Czechoslovak authorities. A similar accident last month resulted in a dispute with Poland.

A hospital near the industrial city of Ostrava in northern Moravia, was said to have accidentally discharged 32 tonnes of oil last Tuesday into a tributary of the Oder. Troops and civilian workers were assigned to help contain the oil slick which was moving northward toward Poland which was notified of the mishap.

Early last month, Czechoslovakia said that some 30 tonnes of oil escaped into Ostrava's sewerage system and them into the Oder, killing fish and birds. The accident, caused by a defective oil separator in the heating plant of a cement factory, caused a running dispute with the Polish authorities who said they had been told too late.

Only last week the Polish Government spokesman, Mr Jerzy Urban, said that about 190 tonnes of oil had been extracted from the Oder after the accident. He added that Poland would demand compensation.

The main Czechoslovak Communist newspaper, Rude Pravo, reported, however, that only 30 tonnes of oil, or "at the most 30 per cent more," had entered the Oder. It also denied there had been any delay in warning Poland.

Rude Pravo said the cement plant could be fined up to koruna 500,000 (about £30,000) and those responsible could forfeit three months wages. The factory would have to compensate for the damages, which the newspaper said was less than originally feared.

Another serious environmental accident occurred in West Berlin on Wednesday when about 50,000 litres of oil overflowed while being pumped into a full storage tank. Much of the oil ran into the nearby Teltow canal contaminating an area of 20,000 square metres. The East German authorities were warned of the accident because the barge canal crosses East Germany.

Prague aims for 'minimum risk' economic reform

Leslie Colitt reports on Czechoslovak efforts to restructure management and planning while bearing in mind the repercussions of the last experiment in 1968

PRAGUE'S NEW fast food restaurant, done up in orange and white, looks at a glance as if it might be the first McDonalds in Eastern Europe. But instead of mass-producing hamburgers at a fast flip the Arbat, named after a street in Moscow, dishes out borscht, chips and Russian pirogi in slow motion.

The restaurant is so badly managed and service is so poor that a perennial queue stretches out onto the street.

The Arbat is not unlike the Czechoslovak economy. While the Prague leadership has adopted some measures to streamline the centrally-planned economy, it has steered clear of more basic reforms aimed at creating market socialism. The memory of the Czechoslovak Communist Party's reform movement in 1968 dies hard.

The Communist Party, however, has now announced a "restructuring" of management and planning which is to begin next year and will include an experiment to give companies "greater independence and responsibility." Mr Gustav Husak, the Czechoslovak leader, emphasised that the process would be gradual and would bring the economy closer to measures adopted in the Soviet Union and other Comecon countries.

One of Czechoslovakia's most outspoken and respected economists, Mr Valtr Komarek, said in a recent interview that a comprehensive market-oriented economic reform was needed to halt the relative decline of Czechoslovak industry since 1945. The market had to be revived while maintaining full employment, he emphasised.

Mr Komarek heads the Institute of Economic Forecasting of the Academy of Sciences, which provides Prague's economic planners with more reliable information than they can obtain from their own Government ministries.

Management, Mr Komarek said, must be given greater independence than under the present "inflexible" directive economy and prices in the future would have to reflect "real costs."

State subsidies to loss-making companies needed to be phased out, he noted. Speaking just before the latest economic experiment was announced, he said he hoped progress toward reform would now move faster.

"I am for greater managerial independence," he remarked, "but one measure is too isolated. Economic reform is a lot of interconnected measures."

The main task, he said, was one of "democratisation and social motivation," a phrase frequently used by the Soviet leader Mr Mikhail Gorbachev.

Mr Komarek noted that Czechoslovakia's per capita gross domestic product was now at the level of south-eastern Europe, while in the 1930s the highly industrialised areas of Czechoslovakia out-ranked Belgium and Austria.

"Super industrialisation" after 1948 had led to a seriously unbalanced industrial structure with enormous energy and raw materials inputs to fuel new heavy industry, all of which resulted in high unit costs.

Equally harmful, Comecon had lumped together such diverse partners as Czechoslovakia and Bulgaria, without taking into account their differing industrial traditions.

Husak: process will be gradual

Czechoslovakia, with its industrial potential and skilled engineers and workers, still belongs to the advanced countries, Mr Komarek insisted, and must choose a "corresponding economic policy." The Czechoslovak leadership, he suggested, was cautious about economic reform out of fear it could lead to "chaos or radicalisation."

It was trying to find a reliable solution to the country's economic problems involving a "minimum of risk." He added: "This, too, is a part of the problem."

In spite of its economic inefficiency, Czechoslovakia provides its citizens with one of Eastern Europe's highest standards of living. But one is frequently reminded that before the war Czechoslovakia was an integral part of central and not eastern Europe.

Since 1948 Czechoslovakia was forced to find markets for its industrial products in the Soviet Union and other Comecon countries. Even with much lower productivity and quality than in the West, Czechoslovaks were still more efficient than the newly-industrialised Comecon countries. Their standard of living was also buoyed by the sheer mass of goods produced and the absence of competition in the East. Those days are over, however, and the Soviet Union is now demanding higher quality machinery, consumer goods and services from Czechoslovakia and other Comecon partners.

Mr Komarek said this opened up new opportunities for Czechoslovakia if it could successfully restructure its industry.

"Our economic position could become similar to that of Finland," he remarked, adding that he was an "optimistic sceptic."

Italy's Radicals lose an important voice

BY ALAN FRIEDMAN IN MILAN

MR ENZO TORTORA, the celebrated Italian television presenter who has become a leading spokesman for the country's tiny left-wing Radical Party, has announced plans to leave party politics and return to his show business career.

A former European MP, Mr Tortora is today expected to sign a two-year contract with the RAI state television network to begin a new series of his "Portobello" talk show. The plan to abandon the Radical Party has this week provoked a public row between Mr Tortora and Mr Marco Pannella, the party leader.

Mr Pannella, who is concerned that his party may have to disband is more members are not recruited, went on television this week and issued an emotional call to Mr Tortora to stay.

"You are famous; you are a voice for us; we need you, Enzo," said Mr Pannella, staring directly into the camera and urging the television star-turned-politician not to give up "the fight for judicial reform" which is the hallmark policy of the Radical party.

Mr Tortora said later that while he was returning to show business, he would still remain a member of the party.

Mr Tortora: back to show business

Mr Tortora was elected to the European Parliament in June 1984, a year after having been placed under house arrest for alleged ties to the Camorra, the Neapolitan Mafia. He resigned from Strasbourg in September 1985 after being convicted and sentenced to 10 years in prison. Three months ago, the conviction was overturned and Mr Tortora was cleared of all charges.

Greece draws up rescue plan for state companies

BY ANDRIANA IERODIACONOU IN ATHENS

THE GREEK Economy Ministry has announced a salvage programme for six major public sector corporations, by means of which it hopes to convert their Dr 35.8bn (£180m) deficit for this year to a Dr 21bn surplus by the end of 1987. The programme will be applied to the Public Power Corporation, the Hellenic Aerospace Industry, the Water and Sewage Corporation, the Urban Transport Organisation, Hellenic Railways and the Hellenic Telecommunications Organisation.

Mr Yiannos Papantoniou, the Deputy Economy Minister, warned after announcing the salvage programme this week that "the ball is now in the management's court. The Government has done all it can."

The finances of the six are to be brought from the red into the black through the "rationalisation" of the price of services to reflect costs, the rescheduling of part of their debt to the state banking system, and their subsidisation through the state budget in order to "cover those costs arising from the exercise ... of the Government's social and development policies."

Organisation is also to be improved to achieve higher productivity. Hiring is to be drastically curtailed, and the Government's tight incomes policy for 1987 is to be strictly enforced. Investments are to be limited "to reflect the credit restrictions imposed by the stabilisation programme."

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EEC approves plan to fight unemployment

BY WILLIAM DAWKINS IN BRUSSELS

EEC employment ministers yesterday gave their blessing to a package of policies for fighting unemployment and asked the European Commission to come up with specific job creation ideas by next spring.

Agreement on the package, first presented in June by the UK, backed by the Italian and Irish governments, had been widely anticipated. However, the broad thrust of Britain's original intentions for a set of priorities founded on business deregulation and the promotion of enterprise had been changed significantly by the time the final document emerged yesterday.

The poorer southern states, backed by Ireland and to some extent West Germany, insisted on the insertion of references to co-operation between unions and management and a call for moves to diminish the gap between less economically advanced and richer member states.

Britain had struggled to keep those policies out of the jobs plan until it was forced to back down at the recent European summit. But Mr Kenneth Clarke, the UK Paymaster General and chairman of yesterday's meeting, nevertheless insisted that the result was "a milestone in tackling the problem of Europe's 16m jobless.

By adopting this specific action programme, the Community has left behind a long period of pious hope and lack of concerted activity," he said. The meeting showed that all member states, despite their varying political views, have a single purpose when it comes to the common enemy of unemployment.

The so-called action programme for employment growth calls for progress on 40 points, split into four main areas: promoting new business and employment growth; improving the efficiency of labour markets by ensuring more flexible work patterns; training; and promotion of schemes to help long-term jobless.

The UK did manage to keep intact a stipulation for a formal timetable. The Commission has been asked to make specific proposals for implementing the plan by early next year and to produce six-monthly progress reports to employment ministers, the European Parliament and the Economic and Social Committee.

Among the main measures outlined in yesterday's document are more help and less red tape for small businesses, steps to make it easier for people to move to available jobs, improved employment advice, greater mutual recognition by member states of different vocational qualifications and improved statistics. The document also asks the Commission to develop the "social dialogue" between workers and managers, a measure close to the heart of Mr Jacques Delors, the Commission president.

The plan is not expected to result in any immediate practical changes for Europe's jobless. However, it is designed to shape future EEC employment policies and to lend more focus to community social spending.

THE ITALIAN Government yesterday proposed the formation of an EEC-backed fund to finance job creation in high unemployment areas, writes William Dawkins.

The scheme envisages raising cash on commercial capital markets for on-lending, possibly with a European Investment Bank guarantee, to job creation schemes. Each state would be entitled to borrow in proportion to its own jobless total.

Mr Abel Matutes, the Spanish Commissioner responsible for small businesses, meanwhile launched proposals for two Ecu 5m (£3.6m) schemes to assist small businesses and the development of venture capital. He also outlined a plan for an Ecu 50m EEC insurance scheme to provide guarantees for small innovative ventures.

Budget dispute turns into a holy war

BY QUENTIN PEEL IN STRASBOURG

"IT'S AS BAD as a replay of the Thirty Years War," an exhausted official remarked after the European Parliament yesterday deliberately voted for budget stalemate in the EEC. "It is a question of religion on both sides. But how do you make Protestants become Catholics or Catholics become Protestants? It could be the first year the Community has had to operate without a budget for the full 12 months."

That is not the intention of the parliamentary rebels, who sought to call the bluff of the 12 member states by voting for spending above the legal limit. They want to pressurise the EEC budget ministers, and the EEC farm ministers, to cut spending on agriculture, and boost it on other schemes, like food aid, research, and regional projects. They believe a deal can be done in January.

Others are much more doubtful. The failure of the institutions of the Community — the Council of Minsters for the member states, the European Parliament, and the European Commission which proposed it in the first place—to agree on a legal budget, could get entangled in a looming crisis on long-term financing of the Community, where the sums at stake are far larger.

What might well be termed an unholy alliance of Socialists, Communists and Greens from the left, and Christian Democrats from the right, combined to defeat the best-laid plans of the British presidency over a tiny fraction of the budget—Ecu 89m out of total spending of some Ecu 36.3bn (£26.5bn). But behind such an insignificant sum—enough to finance the purchase of three months' production of canned fruit, in the words of the budget commissioner, Mr Hening Christophersen — lie positively theological objections.

First there is the row on farm spending. The European Parliament, once dominated by supporters of the EEC farm lobby, has been converted latterly to the cause of agricultural reform. A clear majority consisting of the 172-strong Socialist group, all the British MEPs, Communists from Italy, Greens, and members from Spain and Portugal, now believes that spending on the Common Agricultural Policy, swallowing some two-thirds of the budget, must be cut. The money is needed for more important programmes like research, social spending and the regional fund, they say.

The Socialists in particular have seen their chance to force the hands of the farm ministers, and demand reforms to lower dairy and beef production, on which the member states are deeply divided.

Plans to reduce dairy production quotas by 7 per cent next year, and end the system of guaranteed public purchasing for beef, are still deadlocked in the Council of Ministers, with another emergency session scheduled for the weekend.

The member states retort that you cannot put such direct pressure on one group of ministers through another. Theoretically, the Council of Ministers is a single body. In practice, it is a whole series of different departments paying little attention to each other in their agonising efforts to reach 12-nation negotiated agreements.

They also retort that any reform of the CAP will cost more money in the short run, not less.

The other half of the dispute is a lot more theological, less obvious, and less apparently relevant to the real world. It concerns the amount of money the Parliament can legally add to the draft budget proposed by the budget ministers. It amounts to half what is known as the "maximum rate"—a formula for the growth of budget spending outside the main farm budget, based on the growth rate of Community GNP and public spending.

The Council of Ministers, as part of its hitherto feeble efforts at budget discipline, insists that Parliament cannot exceed half the maximum rate—this year 4.05 per cent out of 8.1 per cent. When the Parliament did so last year, it was taken to the European Court, and the Council stance confirmed.

The MEPs—particularly the Christian Democrats—are determined to break out of the strait-jacket, at the expense of precipitating repeated budget crises. Hence the unholy alliance.

Yesterday's votes for extra spending, going beyond the maximum rate, mean that Mr Pierre Pflimlin, the Parliament's president cannot legally sign the budget. Until agreement is reached with the Council of Ministers, the EEC will have to survive on emergency financing.

The trouble is that that could be the straw that broke the camel's back. The European Commission and the British presidency of the Council of Ministers had hoped for agreement on a basic budget, even if they knew it would have to be revised with a supplementary budget in the first six months.

There is a deficit of some Ecu 700m or more likely to be carried over from this year, because EEC revenues are lower than expected. And there is a spending overrun for 1987 already forecast at Ecu 3.5bn, which will have to be financed either by cutting the cost of farm spending by the long-awaited reforms, or by extra payments from the member states.

Then there are to be proposals circulated by Mr Jacques Delors, the Commission president, in the first weeks of the year, proposing ways of finding long-term solutions to the Community's continual financing crises. If the short-term budget crisis gets caught up in that debate, "we will have the worst of both evils," according to Mr Christophersen—and a very real prospect of no budget at all for the entire year.

The lower house of the Irish Parliament was last night expected to approve the Single European Act after a lengthy debate in which the opposition Fianna Fail party expressed serious reservations about the move towards political and economic unity in the European Community, writes Hugh Carnegy in Dublin.

Approval by the Dail would allow Ireland to ratify the act by the end of the year, meeting the Community deadline.

Fianna Fail and other opposition parties said the act posed a threat to the neutrality of Ireland, the only Community member which does not belong to Nato. But the Fine Gael-Labour government defeated an amendment to include a declaration of neutrality in Ireland's ratification of the act.

Fianna Fail also wanted specific recognition in the act that moves to complete the internal market would take account of Ireland's weak economic position. But, crucially, Fianna Fail did not oppose ratification of the act.

Ex-SPD minister for union post

By David Marsh in Bonn

THE FORMER West German Finance Minister, Mr Hans Matthoefer, was yesterday appointed chairman of the trade union holding company which owns the troubled property group Neue Heimat.

The appointment comes into force on February 1.

The Neue Heimat group, Europe's biggest private housing company, has been at the centre of a scandal over mismanagement and corruption during the past three years. As the new chairman of the trade union holding company BGAG, Mr Matthoefer will be charged with working out a strategy for cleaning up Neue Heimat's tangled financial affairs.

Mr Matthoefer is the Social Democratic Party (SPD) treasurer, responsible for funding its election campaign. His appointment has led to concern that the party is identifying itself too closely with the trade union federation, whose image has been severely affected by the Neue Heimat scandals.

Yesterday's announcement coincided with the formal appointment of Mr Heinz Sippel, former head of the Hessiche Landesbank, on a three-year contract to restructure Neue Heimat in co-operation with the group's banking creditors.

Production cut favoured by majority of Opec

BY RICHARD JOHNS IN GENEVA

A CLEAR majority has emerged within the Organisation of Petroleum Exporting Countries favouring, in principle at least, a cut in collective output as a necessary precondition for raising price levels to around $18 per barrel.

Opec's six-member market monitoring committee, which met on Wednesday night, is to recommend a reduction to the full conference here. The body is made up of chief delegates of Algeria, Ecuador, Iran, Iraq, Libya and the United Arab Emirates.

Yesterday, the first session of this biannual ministerial conference limited itself to dealing with administrative matters and the hard bargaining will not begin until today. The meeting has to resolve the apparent contradiction between engineering a rise of $4-$5 a barrel in prices and maintaining output at its present level as Saudi Arabia and its allies have hitherto insisted.

Re-establishment of a fixed price around a central reference of $18 per barrel as demanded by King Fahd of Saudi Arabia and accepted by the Opec consensus will be the main issue here at the expense of redistribution of output quotas.

Setting a price on the basis of a basket of seven crudes, as recommended by the ministerial pricing committee, in itself will be a complicated task. Even more intractable in the challenge of devising an equitable system of price differentials for other Opec crudes of a kind that does not discriminate against some member states, thereby tempting them into discounting official prices.

The problems are emphasised in a report by Opec economic experts who met in Vienna last month. It says that the mathematical model for adjusting them generally accepted by members will have to be revised. That would require require further talks by "a special committee of highly qualified experts." That alone could delay any attempt to restore a fixed price system.

The production quotas committee is understood to be recommending that finalising a definitive accord on production sharing is too complex a problem to be resolved at this conference. It is proposing that the current interim pact be rolled over.

At the last marathon meeting here in October, one largely devoted to the question of quotas, Saudi Arabia and Kuwait gave notice that adoption of a new system based on "scientific" criteria must be agreed here for implementation from the start of 1987.

However, Mr Hisham Nazer, the Saudi acting oil minister, is expected to drop the ultimatum quietly so that Opec can concentrate on the burning issue of fixed prices based on $18.

Italian Communists aim for Western union group

BY JOHN WYLES IN ROME

ITALY'S largest trade union confederation, the Communist-led CGIL, is mounting a campaign in favour of its attempt to join a bastion of social democracy, in the OECD's Trade Union Advisory Committee.

But the CGIL is likely to be kept waiting for an answer until next autumn. Even then, the door may be shut because of opposition from the US union federation, the AFL-CIO.

The CGIL application, already warmly endorsed by Mr Giulio Andeotti, the Italian Foreign Minister, is partly an attempt to avoid embarrassment during the run-up to next May's world economic summit in Venice.

Unions from the host country usually invite fraternal federations from the other six summit nations to a pre-summit meeting which prepares policy recommendations for the Heads of Government.

The CGIL leaders say their absence from an Italian-sponsored pre-summit consultation would be unthinkable, but Mr Lane Kirkland, the former AFL-CIO leader who is president of the OECD Union Advisory Committee, might stay away. He boycotted the labour meeting before London's summit three years ago because the British TUC invited the CGIL.

The other two non-Communist Italian federations, the CISL and the UIL, are likely to support the CGIL application to the OECD committee.

For the last decade, the CGIL has ben moving in from the extreme Left in step with the Italian Communist Party. It left the Soviet-inspired World Federation of Trade Unions in the mid-1970s in order to become a member of the European TUC, which is the EEC's main trade union forum.

The Italian confederation's new president, Mr Antonio Pizzinato, is a strong supporter of pan-European union ties, but the Communist confederation's adoption of many Social Democratic values has not been enough to win it total acceptance in other Western countries.

A genuine sign of the CGIL's conversion, it is argued, would be an application to join the International Confederation of Free Trade Unions, which is non-Communist.

AMERICAN NEWS

Canada 'linked to Iran arms deal'

BY NANCY DUNNE IN WASHINGTON

CONGRESSIONAL committees yesterday continued their investigation into the US arms deal with Iran as evidence emerged of new international links in the controversy surrounding the Reagan Administration.

Mr William Casey, director of the Central Intelligence Agency, testified yesterday in secret session before the House intelligence committee after reports that in his testimony on Wednesday he had revealed a Canadian connection in the arms and money transfers involved in the deal.

According to the Washington Post, Mr Casey had told the House foreign affairs committee in a private hearing that he first suspected a diversion of the arms sales profits on October 7. He was told by a New York businessman, Mr Roy Furmark, that a group of Canadians had financed the arms shipments, had not received money they were owed and that some of the money had ended up in Central America.

The Canadians, who had put up $20m but had received only $10m in return, were threatening to a suit which would have made the transaction public. The Post said that Mr Furmark had once joined with Mr Adnan Khashoggi, the Saudi billionaire, in a venture to supply arms and other goods to Iran.

Mr Khashoggi told ABC television yesterday that he initiated the sale of US arms to Iran as an attempt to bring peace to the Middle East. But he denied any knowledge of Iranian payments being used to support Nicaraguan rebels.

Congressmen who heard Mr Casey's testimony expressed surprise about both his revelations and the number of details he claimed not to know. "The puzzle is very far from complete," said Congressman Larry Smith, a Florida Democrat.

The San Francisco Examiner said yesterday that Gen Fabian Ver, former Chief of Staff to deposed President Ferdinand Marcos of the Philippines, had given an Israeli arms dealer false certificates saying the weapons for Iran had gone to the Philippines.

The end-user certificates required when US arms are sold to another country were provided to hide the arms transfers from Mr George Shultz, the Secretary of State, and Mr Caspar Weinberger, the Defence Secretary, according to the Examiner.

Mexico debt plan 'not a precedent'

By Alexander Nicoll, Euromarkets Editor

MR WILLIAM RHODES, chairman of Citibank's restructuring committee dealing with developing country debt, warned yesterday the bank did not view the Mexican rescue package now being finalised as a pattern for other debtor countries.

New rounds of rescheduling talks are about to begin with Argentina, Brazil and Venezuela and are under way with the Philippines. Citibank is among those banks strongly opposed to giving Manila "Mexican terms."

Mr Rhodes, who heads creditor banks' advisory committees for Mexico, Brazil, Argentina, Uruguay and Peru, told a Financial Times conference in London: "The Mexican agreement, I would like to emphasise, is not a precedent.

"It is a package geared to the individual characteristics of Mexico and its economy, consistent with the case-by-case approach we have always taken. Some have interpreted it as a benchmark for future negotiations. It is not."

The contribution by banks of $6bn to Mexico's package is now 93 per cent subscribed. The level of commitments has already triggered the advance of funds from the International Monetary Fund and the World Bank.

The package, the first growth-oriented accord under the US-sponsored Baker Plan, included a reduction in the interest rate spread to 13/16 percentage points above money market rates and a lengthening of maturities to 20 years. It provides for additional lending if Mexico does not meet economic growth and export revenue targets.

Mr Rhodes pointed to a recent agreement with Nigeria on terms different from Mexico's, which he said was "tailored specifically to the needs of the Nigerian economy."

Mr Rhodes said Argentina was expected shortly to agree a standby credit with the IMF, and talks would then begin with banks on new loan needs and on a multi-year rescheduling agreement.

Brazil is expected shortly to receive a positive economic report from the IMF—though it continues to resist an orthodox IMF agreement — following recent austerity measures.

PARIS DENIES INVASION PLAN

France builds up forces along Surinam border

BY GEORGE GRAHAM IN PARIS, LAURA RAUN IN AMSTERDAM AND CANUTE JAMES IN KINGSTON

THE FRENCH Government said yesterday that it had reinforced its contingent of border guards along the 500km frontier dividing French Guiana from Surinam, now embroiled in a worsening civil war.

French officials emphasised that the build-up, under the locally-based third infantry regiment of the French Foreign Legion, was modest and designed to cope with the rising tide of refugees fleeing Surinam.

The country has suffered a growing number of atrocities and civilian deaths in the face of the civil war involving the forces of Mr Desi Bouterse, the military leader, and Mr Ronny Brunswijk, a former Bouterse bodyguard and now a rebel leader.

The French denied there was any planned invasion. Officials said that centres to handle more than 4,000 refugees of a total population of 400,000 fleeing across the Marowijne river separating the two countries, were being set up.

Foreign Ministry officials in Paris said France's position was to maintain "an attitude of strict neutrality and non-interference in the domestic affairs of Surinam."

In Paramaribo, Surinamese officials described the French position as ambivalent and said it suggested French tacit support for Mr Brunswijk's forces.

Newsagency reports in The Hague said the Government of the former Dutch colony was prepared to ask the UN to call an emergency session of the Security Council, but UN officials in New York said that, as of last night, no such request had been made.

Mr Henk Heidweiller, Mr Bouterse's chief of staff, added a new dimension to the story when, on a stopover in Caracas, he claimed that American and French mercenaries were preparing to invade the country from French Guiana, an area of deep French strategic interest because it is the base for France's Ariane space programme.

In The Hague, Mr Hans Van den Broek, the Dutch Foreign Minister, played down the Surinamese claims about an invasion.

He said the Dutch Government would inquire whether the UN Human Rights Commission might investigate possible violations of human rights in Surinam.

The Dutch have previously protested about civilian killings and human rights abuses perpetrated under the Bouterse regime since it seized power in a bloody coup in 1980, five years after Surinam became independent of the Netherlands.

In 1982, The Hague stopped finance aid to Surinam following a massacre of Bouterse opponents, although it recently sent about Fl 2m ($909,000) in humanitarian assistance.

Official Dutch sanctions of Mr Bouterse's rule are relaxed to protect the interests of 5,000 – 6,000 Dutch still living in Surinam.

Mr Brunswijk is widely believed to receive much financial and political support from The Netherlands where 180,000 Surinamese live and an active resistance movement thrives.

Reuters to be sued in US over merger plan

By Charles Batchelor in London

REUTERS Holdings, the international business information group, and Instinet, which operates a securities dealing network, are being sued in the US over the terms of their proposed $102m (£71m) merger.

The two companies announced that a lawsuit had been filed last week in the US by a stockholder of Instinet. The suit alleges that both companies and the board of Instinet breached their duty of trust owed to Instinet stockholders by agreeing to merge at any "unfair" price.

Reuters is offering $8.50 in either cash or shares for each Instinet share. This represents an increase on its original offer of $7.25. The two companies said they believed the suit was wholly without merit and they intended to contest it vigorously.

The suit was filed on December 3 by Mr Herbert Behrens, a small Instinet stockholder, in the district court in Delaware, the state in which Instinet is incorporated. Reuters and Instinet have until December 23 to reply.

Mr Charles Hood, general counsel for Instinet, said Mr Behrens was seeking injunctions preventing the consummation of the transaction. Failing that, he was seeking unspecified damages.

The Reuters tender offer was due to expire at midnight last night. The lawsuit would not prevent Reuters buying any shares that were tendered, Mr Hood said.

Reuters already has a 6.6 per cent stake in Instinet and has exclusive rights to market its trading systems outside the US.

Stewart Fleming on the President's handling of the White House crisis

Reagan's allies press for the truth

SINCE the end of the Communist witch hunt conducted by the House committee on UN-American activities, the citizens of the US have been accustomed to seeing labour racketeers and hoodlums, not admirals and war heroes from the White House, telling the authorities that they could not respond to questions because they might incriminate themselves.

But this week all the major television networks interrupted their morning menus of game and talk shows to broadcast a humiliating and agonising event. Former White House national security adviser Vice Admiral John Poindexter and Lt Col Oliver North, the men at the centre of the Iran arms scandal, were hauled before the House foreign affairs committee in the certain knowledge that they would become the first serving officers to plead the fifth amendment on national television.

The images on the television screen from the first public hearings into the Iran affair this week carry a powerful and potentially devastating political message for President Ronald Reagan and the Republican Party. In part that is why some members of the Democratic-controlled committee wanted the two former White House officials to go through the ordeal, although it should be said that Republican committee members have not disguised their sense of outrage at what they know to be an enormous political blunder by the White House.

President Reagan achieved his dominance of the American political machinery in the first years of the 1980s, in part by seizing some powerful and fundamental themes and identifying himself and his party with them (the latter to a lesser extent, judging from recent election results).

Mr Reagan became American patriotism incarnate. He consciously sought to boost not just the finances of the military but also the standing in society of the American soldier. His Administration helped to restore confidence in the institution of the presidency, in striking contrast to the previous decade.

Even Americans who have not spent time reading closely the news reports of the Iran scandal, following the deceptions and contradictions which the President's aides have offered, sense that their confidence in this leader may have been misplaced.

"About half the public says the President is lying when he asserts that he had no knowledge that funds from the sale of arms to Iran were being diverted to Nicaraguan insurgents," the New York Times reported on Wednesday on the basis of a new poll.

This week's images of military officers refusing to risk incriminating themselves, of Mr George Shultz, the US Secretary of State, conceding in public that he was not told about, and did not want to inquire too deeply into, one of the most far reaching foreign policy initiatives of the decade, of Mr Robert McFarlane, a former national security adviser, contradicting the White House on the question of when he knew about the arms sales, are a direct assault on the symbols in which Mr Reagan has clothed his presidency.

Lugar: believes staff shakeup is needed

The conservative White House communications director Mr Patrick Buchanan, who launched a vitriolic attack on "the Republican Party establishment" this week for not rallying to President Reagan, maintains that the President is moving swiftly to put the Iran controversy behind him. He says the White House is not preparing to release new information and does not need to, that enough has been done.

Others who describe themselves as friends of the President, including Republican Senator Richard Lugar and former Senator Howard Baker, fear he is not moving swiftly enough. The fact that the President still does not have the facts himself to lay before the American people, as he has promised, is profoundly disturbing to them.

Mr Baker, who was vice chairman of the Watergate committee, dismisses precise analogies with Watergate and the collapse of the Nixon presidency. But he leaves no doubt that he fears that the processes which contributed to President Nixon's resignation — the public inquisitions into events by Capitol Hill committees and belated confirmation by the White House of the accuracy of new disclosures — could feed a "national compulsion to relive Watergate."

"The President," he says, "has to make sure nobody thinks he is trying to conceal it."

Senator Lugar believes too that Mr Reagan needs to shake up a White House staff which has let him down. "Blurting out the truth is not disloyal," he says. "To be burdened with the staff he now has is to ensure two years of misery for him and the country."

Interviewed on the McNeil/Lehrer public television on Wednesday, Senator Lugar stressed: "He needs to clean house, it's as fundamental and clear and commonsense to the American people as anything one can say. He has to have a new chief of staff and a new director of the CIA before he can progress."

The public quarrelling within the Republican Party is a sign of just how worried the President's political allies are

US retail sales show November rise

US RETAIL sales rose a modest 0.5 per cent in November, the Government reported yesterday, although there were signs the Christmas buying spree had begun, Reuter reports from Washington.

Excluding car sales, retail sales last month rose 0.9 per cent, the largest increase since July 1985, while sales excluding cars were up 1.0 per cent.

Overall retail sales rose $634m in November, to a seasonally adjusted $122.3bn, the Commerce Department said. Excluding cars, sales rose $823m to $94.2bn.

The increases followed a revised 5.2 per cent drop in retail sales in October, the largest decline in nearly two decades. The fall was due largely to motor manufacturers ending cut-rate financing for buyers.

The Commerce Department previously reported that October retail sales were down 5 per cent.

In October car sales were down $7bn, a 19.9 per cent drop. Car sales fell $189m in November, but financial analysts have said the pace of sales began to quicken in the final 10 days of the month.

Retail sales had risen for six straight months before the October drop.

WORLD TRADE NEWS

Soviets put on a trade show for China

By Robert Thomson in Peking

THE LARGEST Soviet trade exhibition in China for more than 30 years opens here today, highlighting the drive by Moscow to improve political relations through closer trade links.

Exhibits focus on medicine, nuclear energy, heavy machinery, and aerospace. According to the Soviet display director, Mr V. N. Spakov, the exhibition "will be a large step in the development of our two countries' economic relationship and will help to strengthen the traditional friendship."

Trade between the two countries is expected to total $2.6bn (£1.8bn) this year, and is due to reach $4.2bn in 1990, double the volume of 1985, under a trade agreement signed by the two countries late last year. China is to export minerals, textiles, farm produce, light and chemical industrial products in return for raw and semi-finished materials, power generation equipment, automobiles, and aircraft.

China last month signed a £410m barter contract with the Soviet Union for 10 210 MW thermal power generating units as part of a larger deal under which Moscow will supply generating equipment with a capacity of 6,800 MW over the next six years

A Soviet delegation, led by the minister of ferrous metallurgy, Mr S. B. Kolpakov, arrived here yesterday for the opening of the exhibition, which Soviet officials say will show that the two countries have a lot to offer each other. Bilateral trade stagnated after a political schism just over 25 years ago, when Moscow pulled its visiting experts out of Chinese factories.

China has become more keen on barter in the past year following a sharp fall in its foreign exchange reserves, and a trade *deficit in* 1985 estimated at $14.7bn. It has signed five-year trade agreements with Czechoslovakia, Bulgaria, Romania, Poland and Hungary.

● Nestlé, the Swiss foods group, has negotiated its first joint venture in China. It will subscribe 60 per cent of the RMB 47.5m (£9.6m) share capital in a new company that will establish a milk factory at Shuangcheng, 50 kms from Harbin in Heilongjiang province, Manchuria, *William Dullforce writes.*

Japanese thwart hopes of early accord on mixed credits

BY PETER MONTAGNON, WORLD TRADE EDITOR

OECD countries have abandoned hope of reaching agreement this year on new rules for mixing development aid and export credits because Japan has continued to hold out against new formula for calculating the effective level of grant in each package.

A meeting of officials planned for next week in Paris to wrap up the new arrangements has been postponed until late January. There are fears that if there is no agreement then, the matter will have to be taken up by trade ministers when they meet at the OECD in April.

The long-festering row over so-called mixed credits has been prompted by a US attempt to force a change in the present rules, which, it believes, allows some countries to make excessively subsidised offers of credit.

The US had been seeking to make such deals more expensive for OECD governments by increasing the minimum level of aid in such packages from 25 to 40 per cent. But there has been disagreement on how the value of the grant element should be calculated.

At present a notional discount rate of 10 per cent is used to calculate effective financial cost to a lending of the aid component in a mixed credit. This system favours countries, such as Japan, with low interest rates because it means that their actual cost of subsidy is low and budgets can be made to go further than those in countries with high interest rates.

Japan has, however, continued to baulk at the introduction of a formula which would tie the notional discount rate more closely to market rates of interest in the lending countries. Though no longer opposed to such a change in principle, it says it wants a floor to any such differentiated discount rate.

European officials believe that Japan is now isolated in the debate and that it will respond to pressure from the US exemplified in the aggressive stand now being taken on aid packages to Indonesia.

Though there has been disagreement between the EEC and the US on the minimum level at which the grant element should be set, it is understood that a compromise could be reached between the US call for a 40 per cent minimum and the proposed EEC figure of 35 per cent.

John Murray Brown reports on an international trade dispute over subsidised finance

Jakarta becomes centre of soft loan battle

INDONESIA is the unlikely focus of angry trade dispute between leading industrialised nations over the use of subsidised finance to support exports to the developing world.

This week the US, long the most vocal critic of the system, joined the fray. The US Eximbank ise set to sign a $100m soft loan in Jakarta, the Indonesian capital. "We are tired of seeing highly qualified American suppliers lose orders because of unfairly subsidised financing from Japan and Europe," Mr John Bohn, Eximbank's president, said recently in Washington. The US, facing a projected $200bn trade deficit this year, hopes to curb the predatory tactics of its competitors and reach agreement on the dispute.

In theory, members of the *Paris-based Organisation of* Economic Co-operation and Development (OECD) are committed to reduce the so-called tied aid credits (loans which must be spent with the lender county), key international agreement. However, this is far from the case in Indonesia, where the use of concessionary finance is endemic.

Indonesia, a huge country of 165m people, has rapidly become a key market for large orders of capital equipment and big construction work since the downturn of project activity in the Middle East and the Gulf. A *leading British engineering* contractor with experience in Libya and Algeria commented: "These days everyone is heading for the East."

For Indonesia it is a welcome bonanza. The country is facing its worst recession in 10 years in the wake of the collapse in world oil prices, the country's main export. Foreign contractors, however, eager to push for sales and win state contracts, have turned increasingly to their own aid bodies for financial help to counter Indonesia's *aggressive loan terms.*

Under a presidential decree passed in 1984, all project finance is to be repaid at 3.5 per cent over 25 years with seven years' grace — terms which some suspect are tailored for Japan's low interest rates.

Exactly how much of the Eximbank's war chest is taken up by the new loan is unclear. The war chest is a two-year $300m fund set up by President Reagan in October expressly to challenge and match rival bids for big Third World contracts.

According to a statement the loan, which is part grant, part *mixed credit, will* be used to support US high technology exports, particularly telecommunications, electronics, electric power plants and transmission equipment.

Officials made no bones about its target: "This is no apples-and-pears affair. This is to knock out Japan and its OECF money."

With the help of grant funds from its Overseas Economic Co-operation Fund, Japan leads the field in infrastructure projects in Indonesia, a country seen by Tokyo as a strategic as well as a *commercial partner.* Indonesia controls key raw material supplies, particularly oil and gas, and is vital in securing Japan's trade routes through the Malacca Straits to Europe and the Middle East.

This year alone, Japan has extended $580m of soft loan credit. After months of patient negotiations some European countries are only just catching up—the UK, for example, signed a £140m soft loan in July.

An agreement with the British Export Credit Guarantee Department (ECGD) is in place and the UK's eight projects are all set to roll. The West Germans also recently agreed terms for a DM 300m mixed credit package, DM 100m of which is a soft loan at 2 per cent interest, repayable over 30 years with a 10 years grace period.

The French, past masters of the mixed credit, were last to join the race. However, officials expect to sign a package "larger and more concessionary than either the UK or the Germans" before the year end.

The headlong rush to win the lucrative one-off government contract contrasts with the more cautious approach of private investors in Indonesia. As the head of a recent British trade mission remarked: "There are prospects here, but not just yet."

In the pressure to win orders contractors, buoyed up by government aid, often rush in where the more circumspect investor has feared to tread. Like many developing countries, Indonesia offers a complex business climate, full of pitfalls, *bureaucratic inefficiency* and widespread corruption. But as one hard-nosed British contractor put it: "When in Rome do as the Romans."

There is concern voiced in Washington and elsewhere over the ability of countries like Indonesia to repay such loans, albeit at very soft terms. For Indonesia the drive for concessionary finance has come at a time when its credit rating with commercial banks is on the slippery slope.

A recent $350m syndicated *loan, at ⅛ above London inter*bank offered rate (Libor) increasing to ⅛, seemed a clear verdict by bankers on Indonesia's reduced cricumstances. For all that, the soft loan now seems an integrated part of Indonesia's financial landscape and a major item on the current account.

Suharto: glad of windfall

Moreover, large government projects will continue to be an important source of employment, a matter of political urgency in a country where 1.5m new job seekers come to *the market* every year.

Ahead of next April's elections, President Suharto is no doubt glad of any financial windfall to keep the engine *of* development, the prime motif of his 20 years in power, ticking over.

Hopes rise for accord on Brazil's info-tech

By Ivo Dawnay in Rio de Janeiro

HOPES are rising that the protracted dispute between the US and Brazil over Brasilia's policy on information technology will be solved at talks due to open in Brussels tomorrow.

Failure to reach an agreement would leave President Reagan only until the end of the year to decide whether to take retaliatory action against Brazilian exports to the US.

The Brussels meeting, the third in the past eight months, is aimed at finding acceptable compromises over the management of Brazilian measures to protect its infant info-tech industry.

Under Brazil's informatics law, the Government is able to refuse import licences to any product incorporating micro-*processors.* And under "national similars" authorities can also ban foreign companies from producing goods where domestic manufacturers can supply a viable alternative.

Following slow but perceptible progress at the last meeting the US President postponed action under the US Trade Act.

Brazil has since sent signals that it is attempting to revise the usually hardline stand taken by its special informatics secretariat against foreign companies. President Jose Sarney has personally intervened to ensure imported software will enjoy full copyright protection.

The US has argued that the management of the policy is arbitrary.

Yeutter tries to break logjam on Gatt's Uruguay round

BY WILLIAM DULLFORCE IN GENEVA

MR CLAYTON YEUTTER, the *US Trade Representative* attempted here yesterday to loosen a logjam that threatens to delay the start of talks on the liberalisation of international trade. Mr Yeutter was in Geneva on his way to Brussels for talks with the European Community.

The talks, known as the Uruguay round, stem from the meeting of the General Agreement on Tariffs and Trade (Gatt) in Punta del Este in September. They were to have led to a detailed negotiating *plan by December 19, and a* three-day session is to open next Wednesday in an attempt to meet the deadline.

Senior negotiators argue that the political impetus generated at Punta del Este remains powerful enough to compel governments to find compromises.

But, after seven weeks of discussions, disagreements persist over several key issues, including the programme and timetable for the negotiation on agricultural trade which is expected to be the core of the *new round.*

Brazil and India are pitted against the US in a debate over controls on how countries' compliance with the commitment to a standstill on the introduction of trade measures contrary to Gatt during the Uruguay round and to phase out, or "roll back," existing ones inconsistent with the accord.

India's insistence on handling the return of trade in textiles and clothing to Gatt rules in a group of its own is complicating decisions on the number *and subject matter of the neg*otiating groups to be set up.

Most of the blame for the delay has, however, been attributed to the US. After Punta del Este, many negotiators feel the US has been inflexible in its response to other countries' legitimate concerns in the preparations for the trade talks. Mr Yeutter's stopover here appeared to have only partially dispelled this perception.

He stuck firmly to the line that the US Congress was in no mood to see the textiles issue *reopened in the Gatt round.* In July he said the US had won an extension of the Multi-Fibre Arrangement, which governs world textiles trade, on terms with which its manufacturers could live.

On the mechanism for controlling the standstill and rollback commitments, however, Mr Yeutter may have signalled a path to compromise.

The US has been insisting that surveillance is a political matter that can be entrusted only to the Trade Negotiations Committee (TNC), the overall *supervisory body for the* Uruguay round, which can meet at ministerial level and covers talks on trade in services as well as in goods.

Brazil has pressed for a separate, smaller body with powers to investigate complaints of breaches. Developing countries, citing the recent imposition by Washington of an oil import levy, fear that the US will be the principal sinner against the standstill accord: they want a more independent guardian for the committee.

Japanese parts plant for US

By Ian Rodger in Tokyo

MITSUBISHI PETROCHEMICAL and Exxon Chemical Americas are setting up an equal participation joint venture in the US to make plastic-based composite materials for automotive components.

The plant will be the latest in a series of Japanese initiatives to supply the rising number of Japanese-owned car plants in the US.

Japanese-owned car plants in the US would be the first customers, but the companies hope the venture will also win contracts from the big three US manufacturers.


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OVERSEAS NEWS

Pakistan's economy 'has major weaknesses'

By Mohammad Aftab in Islamabad

IMPORTANT structural weaknesses threaten to undermine the Pakistan economy, which slowed during 1985–86, the country's central bank warns in its annual report for the year ended June 30.

Although economic growth had been "impressive" against that of many other developing nations, an inadequate level of domestic savings and a substantial trade deficit were major hurdles which would have to be overcome if growth was to be sustained.

The report also urges long-term action to renew Pakistan's exhausted infrastructure. Road building and irrigation projects were needed, together with updated telecommunications networks and an energy plan to deal with a serious shortage of electricity.

The slower economic expansions rate produced 7.5 per cent growth in gross domestic product (GDP) in the year to June 1986 compared with 8.5 per cent in the previous 12 months.

However, falling oil prices and a higher level of remittances from Pakistanis working abroad resulted in a trimming of the current account deficit from $1.68 to $1.145bn.

In spite of deteriorating terms of trade, exports increased from $2.5bn to $2.9bn and liquid foreign reserves rose 14 per cent to $834m.

However, the reserves have since declined and currently stand at only $500m.

The bank warns about Pakistan's external debt levels.

Outstanding debt is just over $12bn and debt servicing in 1985–86 was around $1bn, representing more than 16 per cent of total goods and services exported.

The bank warns that this liability could quickly increase, particularly if exports do not increase consistently.

Private investment rose 16.1 per cent, compared with a rise of 19.5 per cent in state investment, although the sixth five-year plan, from 1983 to 1988, aimed to move private sector investment ahead of state involvement.

Anthony Robinson details tighter reporting restrictions introduced yesterday in South Africa

Pretoria calls in censor in fight against 'revolution'

This article has been censored by the South African authorities

FROM 10.30 am yesterday the only uncensored information on the security situation and a range of related issues in South Africa is that "disclosed, announced, released or authorised for publication" by a member of the government, revealed in parliament or the President's Council or stemming from judicial proceedings.

For hundreds of local and foreign correspondents a lot of time will be taken up seeking "authorisation for publication." The principal channel at their disposal will be six telex lines into a new media centre to be staffed 24 hours a day called the Inter Departmental Press Liaison Centre.

Mr Dave Steward, director of the Bureau for Information, says entire articles, sometimes thousands of words long, will have to be telexed if, in the judgment of the correspondent and his lawyers, it contains material affected by the restrictions contained in the latest official gazette.

Offenders face a fine of up to R20,000 (£6,700) or imprisonment for up to 10 years, or jail without an option.

The regulations, designed to cope with what the government calls "a co-ordinated revolutionary onslaught" are essentially a refinement and toughening of the emergency regulations issued on June 12. They have been drafted to prevent the kind of watering down by the courts which limited the effectiveness of the original and less carefully-defined restrictions.

The ban on "subversive statements" is spelt out in detail and makes it illegal "to resist or oppose any member of the Cabinet or Ministers' Council or any other member of the government or any official or member of a security force" in the exercise of their powers under the Public Safety Act, the act under which the emergency regulations are promulgated.

It also bans any incitement to take part in a wide range of boycott actions—including consumer, school and rent boycotts which, over the last two years, have been among the principal channels of black passive resistance. Two months ago the town clerk of Soweto announced that in Soweto alone residents owed R29m in unpaid water and electricity accounts.

Last month Dr Gerrit Viljoen, the Minister of Education, said that between 200 and 300 schools out of 7,300 under his jurisdiction were "seriously affected" by boycotts at any one time.

Dave Steward of the Bureau for Information gives details of the censorship rules

Other forms of opposition banned under the regulations and reportable only with prior authorisation include work stay-aways and illegal strikes or "restricted gatherings." The regulations also make clear that one of the main targets of the government's war against the "revolutionary onslaught" is the system of "alternative education," "peoples' courts" and "street committees."

These have been set up by the various unofficial community associations under the umbrella of the United Democratic Front, the biggest legal anti-apartheid organisation which the government sees as virtually the internal wing of the banned African National Congress.

In the government's view these are key elements in the "revolutionary onslaught" whose organisation and effectiveness they believe has been enhanced by reporting about their activities in the "official," foreign and especially "alternative press."

The latest restrictions prohibit any comment "which discloses particulars of the extent to which such action or boycott is successful or in which the public is intimidated, incited or encouraged to take part."

Another prime target of the restrictions is the End Conscription Campaign, a UDF affiliate staffed mainly by young whites opposed to conscription and especially the use of conscripts in township security duties. Included in the definition of subversion is anything "by which the system of compulsory military service is discredited or undermined."

Apart from imposing prior censorship on security related or "subversive" activities, and repeating the ban on media presence or reporting on security force activities in "unrest situations," the regulations also prohibit the publication of blank spaces or anything "intended to be understood as a reference to the provision of these regulations."

Apart from the penalties for journalists the regulations also empower the Minister of Home Affairs, Mr Stoffel Botha, who is responsible for their implementation, to close down publications for up to three months, or prevent their importation.

As revealed during lengthy negotiations between the government and the Newspaper Press Union, which represents the four main newspaper publishing groups, the most likely victims of banning are expected to be "alternative press" publications such as New Nation, Work in Progress and the Weekly Mail. These have specialised in reporting "opposition" views and detailed coverage of strikes, boycotts, forced removals and life in the black townships where the majority of South Africans live.

At a briefing yesterday Mr Steward made clear that comment as well as news reporting was subject to prior censorship but also that there was no intention to apply the rules "in a retrospective or restrictive way."

For television companies in particular this means that file footage is not affected. At the very least, however, the expected delays in obtaining authorisation to publish will make the task of meeting newspaper deadlines or TV satellite "feeds" difficult, if not impossible.

The flow of news and comment from South Africa, already restricted by some of the most stringent restrictions in the world, will almost certainly dwindle further

Guerrilla march mars Philippine ceasefire

By Richard Gourlay in Manila

ABOUT 80 rebels, on the first full day of the ceasefire between communist guerrillas and government troops, yesterday marched through a town 50 miles from the capital Manila brandishing guns.

Under the terms of the 60-day ceasefire agreement, the New People's Army rebels are not allowed to carry firearms in "centres of population," but lack of clear definition has left this a grey area.

General Fidel Ramos, the armed forces chief of staff, reacted immediately to the show of force: "That is not a grey area — firearms in a populated area—that is taboo."

He did not say what action, if any there would be from the armed forces

The National Democratic Front and the NPA organised the show in Samal in front of carefully alerted journalists in order to show they controlled certain "red zones," a spokesman said.

Mr Antonio Zumel, an NDF peace negotiator, explained the presence of armed guerrillas by saying that "the people are protecting themselves."

There have been no clear breaches of the ceasefire, according to the national ceasefire committee.

Britain allows sale of radar system by Plessey to Iran

BY DAVID BUCHAN AND ROGER MATTHEWS

THE BRITISH Government has given Plessey an export licence to sell Iran a radar system worth £240m on assurances from Tehran that the system will be sited away from the Gulf war zone, Ministry of Defence officials said yesterday.

The contract does not in any case breach government guidelines banning the sale to either Iran or Iraq of "lethal" equipment which could "prolong or exacerbate" their war with each other, according to officials.

Plessey said yesterday that without the customer's approval it could not comment on the reported sale to Iran of several AR-3D air defence radars, which the company has sold widely in Europe, Latin America, the Middle East and the Falklands.

Plessey is believed to have sought the Iranian contract for some time, and the fact the UK company has got it was yesterday described by one MOD official as "a good show."

The AR-3D is capable of tracking up to 40 aircraft to a range of 200 miles. This would be useful to the Iranians at a time when the Iraqi air force is striking further down the Gulf than ever, putting all major Iranian ports at risk.

UK officials say they have been told, however, that the Plessey radar will be sited along Iran's borders with Afghanistan and the Soviet Union.

According to military weapon handbooks, all elements of the AR-3D are trailer-mounted for easy transport by land, sea or air, and the antenna simply folds in half for carriage in cargo aircraft.

News of the contract coincides with increased tension between Iran and Britain over the fate of Mr Roger Cooper, a British businessman who has been held in Tehran for over a year.

Following British warnings that relations between the two countries could be adversely affected by Mr Cooper's continued detention, Iran announced on Tuesday that he had been accused of spying.

British diplomats in Tehran are to meet Iranian Foreign Ministry officials on Sunday to seek further details of the accusation against Mr Cooper, who works for McDermott International, the US oil equipment company.

Iraq claims another large naval target hit

Iraq yesterday said its warplanes attacked a large naval target—its usual term for an oil tanker or cargo ship—in the Gulf off the Iranian coast on Wednesday night, writes Reuter from Baghdad. A spokesman said all aircraft returned safely to base after the raid at 18.45 GMT.

While there was no immediate confirmation of the attack from shipping sources, Lloyds Shipping Intelligence said that 99 ships had reported being attacked or damaged this year by either Iraq or Iran in the six-year-old war.

Indo-British treaty talks inconclusive

Indian and British delegations failed to make any progress on the contentious issue of the activities of Sikh groups in the UK despite two days of talks that ended yesterday, writes K. K. Sharma from New Delhi.

A joint statement issued after the talks said India felt that the issue had "cast a shadow" over relations between the two countries. The two delegations will meet again in London early next year.

The most important subject discussed was finalisation of an extradition treaty to enable India to seek the return of Sikhs in Britain whose activities India finds objectionable.

Leadership changes in Kampuchea

The pro-Vietnam Kampuchean Government has stripped Prime Minister Hun Sen of his state and Communist Party foreign affairs portfolios and fired the defence and planning ministers, according to a state radio report quoted by Reuter in Bangkok.

The radio said on Wednesday night that Defence Minister Bou Thang had been replaced by his former deputy, Koy Buntha, and Planning Minister Chea Soth lost his job to Chea Chanto. Hun Sen remained Prime Minister but ceded the party central committee foreign relations portfolio to Yos Son. He was replaced as Foreign Minister by Kong Korm.

The changes were made shortly before the eighth anniversary of Vietnam's invasion of Kampuchea in December 1978 to set up a pro-Hanoi government led by President Heng Samrin. Bangkok-based diplomats studying Kampuchea said the changes appeared to be a major shake-up

Oil exploration in Western Sahara

The Moroccan Government has granted the first oil prospecting permit in the Western Sahara where Algerian-backed guerrillas are fighting Morocco for control of the disputed territory, writes Reuter from Rabat.

The permit, awarded to the state agency Office National de Recherches et d'Exploitations and published in the latest issue of the government gazette, cover a 5,000-sq-km area around La'youn.

La'youn is the main town in the territory, a former Spanish colony evacuated by Spain in 1976, when Polisario guerrillas began their campaign for independence.

● Polisario guerrillas have offered to repatriate Moroccan prisoners as a goodwill gesture, according to the official Algerian news agency, APS, quoted by Reuter in Algiers.

Israeli jet raid in Lebanon kills 15

BY NORA BOUSTANY IN BEIRUT

ISRAELI WARPLANES raided suspected guerrilla positions in Syrian-controlled territory in north Lebanon yesterday. In the south, an Iranian plan to disengage Palestinian and Shi'ite fighters suffered a setback.

Jets struck at Palestinian hideouts near the Nahr al Bared refugee camp at the edge of the northern port city of Tripoli. At least 15 people were killed, among them four guerrillas.

A Lebanese Shi'ite clergyman in Tyre said Iranian and Lebanese efforts to secure the withdrawal of Palestinian fighters from the village of Maghdousheh in exchange for lifting a 10-week-old siege off the Rashidiyeh camp further south had failed.

Sheikh Aly Yassin said: "We have gone back to point zero." Palestinian refusal to continue vacating frontline positions in the deserted Christian township of Maghdousheh had reportedly hampered a relief operation organised by the Lebanese Red Cross on Wednesday.

The Shi'ite Amal militia claimed that guerrillas had not honoured a commitment to pull out from strategic points in Maghdousheh, while the guerrillas complained that the relief operation had been half-hearted and inadequate.

In Beirut, Shi'ite militias continued to pound the embattled Bourj Barajneh camp. The Shi'ite-Palestinian round of fighting in camps in and outside Beirut erupted 72 days ago and has claimed 600 lives.

In Tyre, angry south Lebanese families marched in the streets following funerals held along the coastal road to protest at the return of Palestine Liberation Organisation chief Yasir Arafat and at the loss of their relatives in battle against the Palestinians.

In Tel Aviv, an army spokesman said the Israeli raid north of Tripoli hit targets held by the factions of Abu Nidal and dissident Fatah leader Abu Musa. The raid followed a week of unrest in the Israeli-occupied West Bank and Gaza Strip in which four Palestinians were killed and several wounded.

Australian trade figures flawed

By Chris Sherwell in Sydney

AUSTRALIA'S latest monthly balance of payments figures plunged markets and analysts into confusion yesterday after the Bureau of Statistics revealed they were flawed.

The bureau put the preliminary estimate of the current account deficit for November at A$685m (£315m), about half the forecast level and substantially below the revised October figure of A$1.58bn.

It said, however, that the November figure was not comparable with those of previous months because of the introduction of a computer processing system by the Australian customs service.

This, it said, had affected the timing of statistical recording of imports and had caused clerical processing problems.

Furthermore there had been variations in the rate of processing import entries in the customs service. This, the bureau said, may have affected monthly movements in imports over the past four to five months.

Publication of the closely-watched statistics followed the worst-ever monthly deficit the previous month

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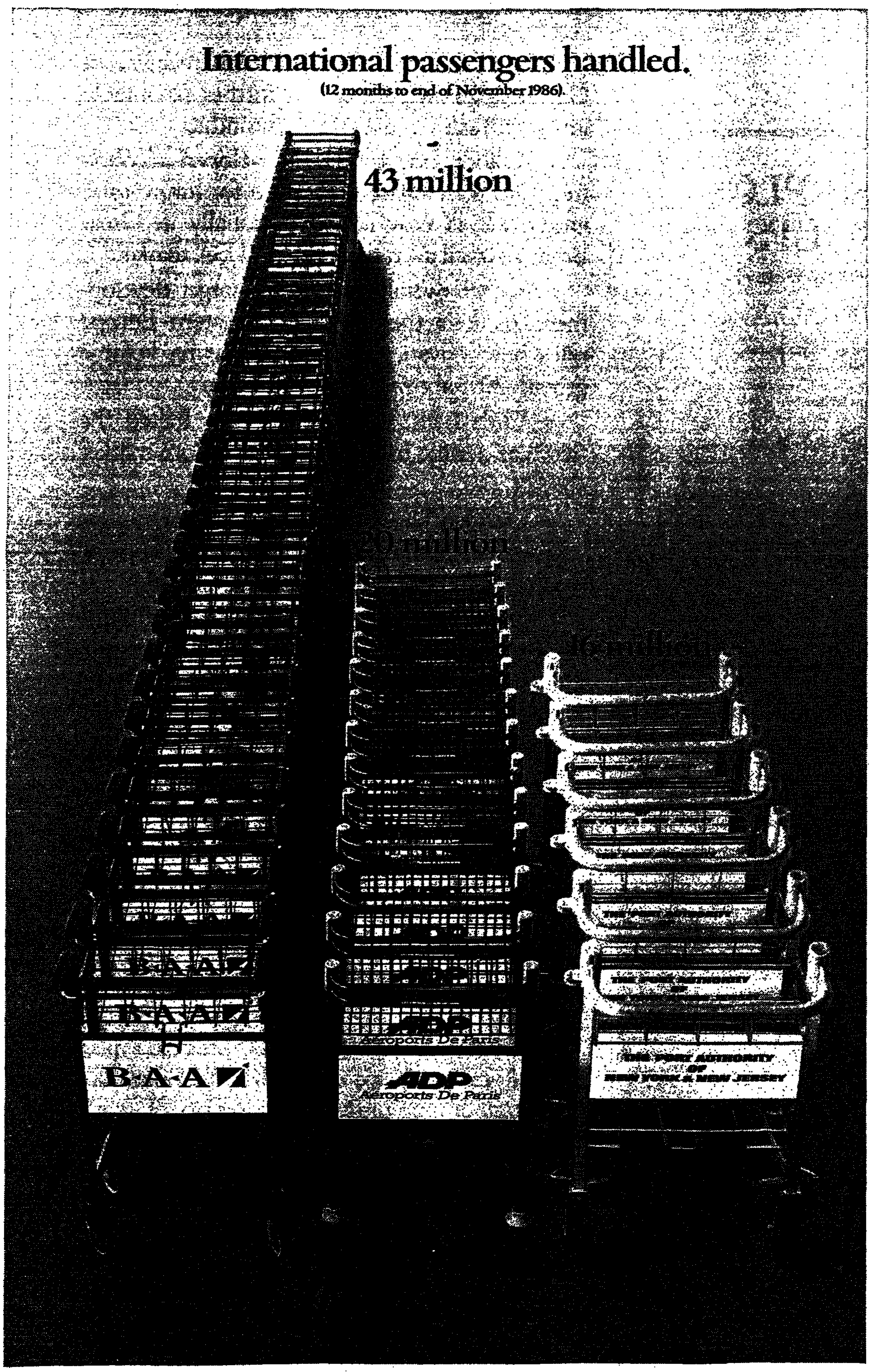

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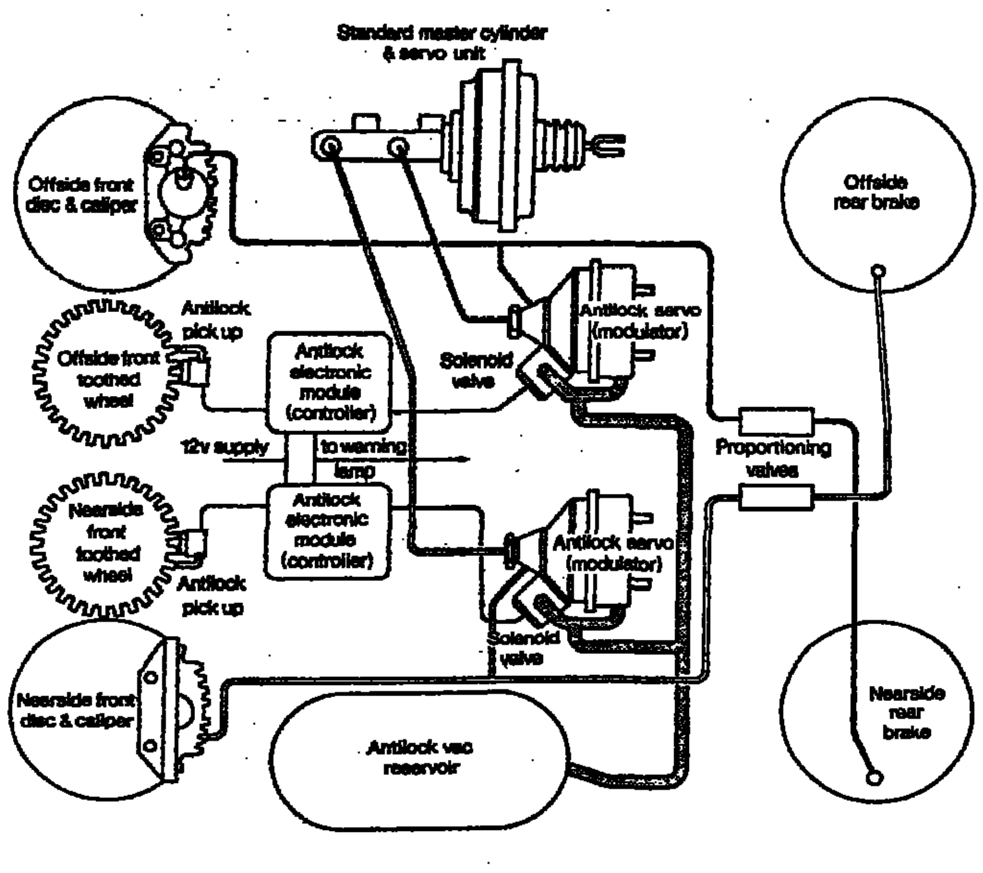


Brakes come off as AP drives past competitors

BY JOHN GRIFFITHS

"LUCAS GIRLING obviously has some idea about the system now, and must be twitching a bit. But I think the Germans—Bosch and Alfred Teves—are likely to be even more worried.

"After all, we're talking about a system which is about one-fifth their price and which is just as good over more than 90 per cent of the sphere of operations."

Peter Crawford, managing director of the UK automotive division of components producer Automotive Products, was commenting on one of the better-kept motor industry secrets of the past few years — AP's new anti-skid braking system.

It goes into production next month at the company's Leamington Spa plant (where, ironically, the loss of 1,000 out of 5,000 jobs has been announced in the past few months).

The launch early next year will not be by AP itself. Instead at least one of Europe's largest car producers will fit the device to one of the Continent's biggest-selling models, with several other models—and car makers—to follow.

It is a modular system, with no moving parts, and is adaptable to medium and executive cars, large panel vans and even trucks up to 10 tonnes.

It has a current manufactured cost of under £150, though the target is to reduce this to £80 as production volumes build up.

This contrasts with existing electronic anti-skid systems produced by the West German manufacturers which add £700 or more to the cost of a vehicle. And the Lucas Girling SCS (stop control system)—a hydraulic-mechanical system designed specifically for front-wheel-drive cars—is currently available as a £326 option on most of the Ford Escort range (it is standard in some countries on high-performance Escorts).

Whereas the Lucas system incorporates a mechanical pumping system, driven by belts off each front wheel driveshaft, to operate its system, the AP Lockheed Antilok system simply taps into the car's existing servo vacuum or air systems (although a small low-pressure air pump can be fitted to provide an energy source as well).

AP has sub-contracted out the electronic sensors, modules, solenoids and servos which form the heart of the system, but assembly is in-house and it is clear that Crawford derives much *satisfaction from* the way manufacturing has been organised.

The initial production operation, deep within the Leamington works, is contained in a single storey building, about 50 feet square. The operation's double-shift production capacity of 600 units a day is designed to be achieved by just one machine-setter/supervisor and nine operatives per shift.

"It's a totally just-in-time operation with no stocks kept," says Crawford.

The potential for the system, he claims, is enormous. "We could be doing 5,000 a day within five years, and that's just for Europe."

The main reason for this optimism is that Crawford, and many others in the motor industry, believe that in the longer-term the safety benefits of anti-skid systems are such that governments will come under heavy pressure to make them compulsory on vehicles, as has already happened with seat belts.

Despite the secrecy during the system's development, Crawford says contacts are already well-established with producers outside Europe on possible licensing agreements.

Although he refuses to comment directly on Japanese links, he points out that, much like 60 per cent of Japanese cars use braking systems built under licence from Lucas Girling, around 80 per cent of Japanese cars have clutches licensed from AP's Borg and Beck division—"so we are no strangers to licensing. Our policy is that where we can't manufacture it (the system) we will licence it."

Crawford, and chief engineer Ken Bunker, say they believe AP has a lead of "two and a half, maybe three years" over the competition in the anti-skid braking market. The advantage of the system, they say, is that it lends itself readily to further development to fulfil other functions, "like traction control, which we will follow through."

Their proclaimed confidence is based on the system's apparent simplicity (see diagram). What are described as toothed wheels, which in the schematic would be pressings bolted to each front hub, equally could be minor crenellations machined into the driveshaft, and indeed are in the first application, a high-volume hatchback in the up-to-1.5-litre sector.

The system is "read" by an electromagnetic sensor fully encapsulated to protect it against wet and road dirt.

The output from the sensor is a signal that alternates at a frequency proportional to wheel rotational speed. The electronic control module operates on this signal, in effect by differentiation, to give a signal of wheel deceleration.

The maximum "normal" deceleration likely to be achieved in a car, van or truck is less than 1g. So the system "concludes" that if it is decelerating at more than 1g the wheel is about to lock up and the driver about to have his or her day spoiled.

At a predetermined value, the command module initiates the anti-lock cycle by energising the solenoid valve. The solenoid actuates the antilock servo, allowing the solenoid valve to admit air to the front of the servo. This overcomes the fitted load of the internal springs and actuates a hydraulic piston.

Initial movement of the piston shuts a ball valve, cutting off the master cylinder from the brakes. Further movement of the piston diverts the braking system's hydraulic fluid through extra channels, thus increasing the volume of the hydraulic system and reducing the pressure. Once the wheel speeds up again the process is reversed.

AP has set the system up so that the driver should feel no sense of drama. "We thought about whether we should use the approach taken by all the other systems, and allow a pumping action to be felt through the pedal. But we decided to let the system operate without subjecting the driver to the thumps," says Ken Bunker.

AP wanted a 4-8 millisecond response time, "and we believe we have achieved that," he says. And while the system is claimed to be capable of cycling at up to 16 Hz, a two to eight spread gives the best results and energy useage.

So the driver gets the ability, in a "panic" situation, to stop in shorter distances than an "ordinary" car, and to steer around an obstacle at the same time. Among the benefits AP and car makers get is the opportunity to integrate the system's electronic control systems with those of the car itself, in line with the progress to central electronic management of all a car's systems—and quite where that might lead in the end is difficult to discern.

Premium is put on bright ideas

BY PETER MARSH

COGENT, the technology-transfer arm of Britain's Legal and General Insurance Company, has taken a majority stake in Bioscot, a concern set up to commercialise technical ideas from two UK universities.

The acquisition illustrates the increasing interest by commercial groups in becoming involved in activities to take inventions from research bodies and turn the ideas into industrial products.

Cogent, which was set up three years ago and has invested £10m in technology-transfer projects in the UK, has 85 per cent of the shares in Bioscot. The rest of the stake is owned largely by the three organisations which set up the company —Heriot-Watt University, Edinburgh University and the Scottish Development Agency.

The original aim of Bioscot was to commercialise ideas in biosciences and medicine from the two Scottish universities, for instance the sale of diagnostic kits for detecting conditions involving blood clotting. It will now have a wider role in acting as a marketing organisation for a range of inventions involving biotechnology that Cogent will help to develop.

As a result of the acquisition, Bioscot has joined several other companies which are part of the Cogent group. The Legal and General subsidiary also owns Cogent Inspection and Condition Monitoring, two instruments concerns. Other *parts of Cogent are Cogen* Environmental, which sells systems for water purification and similar equipment, and Amazon Computers, a software company.

Mr Anthony Gray, Cogent's chief executive, says that gaining commercial returns from research ideas is a long-term process. The companies in the Cogent group will build up sales only slowly. Only Amazon, which has annual sales of about £4m, has progressed beyond the start-up phase. Mr Gray is confident, however, that the different companies within Cogent "will be profitable organisations within a few years."

Cogent was set up with total funding from Legal and General of £20m. Of this about half has been committed. The brief of the company is to fund ideas from *UK* universities and contract-research organisations. Sales of products that emerge from these inventions will be sold either by marketing organisations within the group or by outside companies under licence.

Mr Gray is a former head of investment research at James Capel, the stockbroker which has also been involved in the UK venture-capital industry. He says the impetus for setting up Cogent was the thought that a large number of technical ideas in research organisations could turn into commercial products if properly supported.

Opportunities for Cogent *appeared promising,* following the Government's relaxation of rules governing the transfer of technology from UK publicly funded agencies. This change in the regulations, which took effect last year, permitted private-sector bodies to compete with the state-owned British Technology Group in taking ideas from publicly funded research bodies and injecting *them into industry.*

Among the academic establishments with which Cogent is working are Newcastle University, which is developing biological techniques that could have applications in medicine, and Kent University which is researching new sensor techniques.

WORTH WATCHING

Edited by Geoffrey Charlish

Kodak duplicates role in Britain

KODAK of the US has broken into the UK market for duplicating machines. The Ektaprint 300 is able to deliver over 0.5m impressions a month at about 100 copies per minute.

Kodak is aiming at in-house printing departments that might normally use offset litho printing presses. With a night shift, the Ektaprint 300 could deliver 1m copies a month and is built to meet such capacities. Thus, the company is calling the machine a duplicator rather than a copier, although the technology is the same.

Outside the UK, the company has been in the high-volume copier market for five years, battling with Xerox.

The Ektaprint 300 can print different images on each side of the paper in a single pass of the sheet. A roller mechanism inverts the paper for the second image.

West Germans have edge in steadiness

IN MANY sheet and web-fed production processes there is a need to position the edge of the sheet accurately and prevent it wandering about, even at high material speeds.

Erwin Sick, a West German company, has designed the KR30 edge regulator which uses an optical device to measure variations at the edge of the sheet. The differences from a reference line are used to generate position correction signals, keeping the sheet edge movements within small limits.

The optical system automatically compensates for varying material reflectivity and the colour or gloss of the moving material.

UK makes Japanese news in the US

EQUIPMENT MADE by UK company Crosfield is now in use by Japanese newspaper Yomiuri Shimbun to send pages by satellite from Tokyo to New York and Los Angeles. The pages arrive in time for editions to be printed in those cities for Japanese speaking residents and visitors.

Yomiuri Shimbun has a circulation of 13.9m, the world's largest. It is using two of Crosfield's Datrax page readers at the Tokyo headquarters to scan and compress the digitalised data for transmission at 56,000 characters per second. In the US, four Datrax writers expand the data again and put it on film from which conventional offset printing plates are made.

Fish farmers move into deep water

FISH farmers in Norway, Ireland and Scotland have already developed many sheltered coastal sites, particularly for salmon farming. With the number of available sites running out, it clearly makes sense to look further afield, reports Sara Webb in Stockholm.

The problem in the past has been to design a floating fish farm which could withstand storms and large waves. Farmocean, a Swedish *company specialising in offshore* technology, has now developed a semi-submersible fish cage which can withstand waves up to six metres high and can be moored in more exposed sites up to 500-600 metres off shore.

The company has found that salmon kept under these conditions grow faster, have a higher meat yield, and are much healthier because waste products do not accumulate in the cage but are flushed out by currents.

The Farmocean device—known as Platfarm—consists of a sealed net attached to a floating pontoon. The volume of the net is 3,500 cubic metres.

It has an automatic feeding system which responds to water temperature and currents, and the fish can still feed, even if bad weather prevents a farm manager from reaching the cage.

Platfarm costs about SKr 1.2m (US$175,000)

Simulated life in the silent service

ROYAL NAVY officers under training in the submarine service can now see through a periscope the same kind of realistic training images that pilots experience in flight simulators.

At a cost of £4m, a submarine simulator called Tactician has been built for the Royal Navy by Ferranti of the UK. Already in action at HMS Neptune, a training base at Faslane on the west coast of Scotland, the system provides tactical training for the use of sonar, fire control and other systems on nuclear submarines.

Powerful microprocessors generate colour views through *the simulated periscope.* These can be changed by the instructor as the session proceeds and as a pupil reacts to situations.

CONTACTS: Kodak, UK office, 0442 61122. Erwin Sick, UK office, 0727 31121. Crosfield, UK, 0442 210011. Farmocean, Sweden, 010 4631 68 05 90. Ferranti, UK, 061 428 0771.

BUSINESS LAW

Tobacco and EEC competition

By A. H. Hermann, Legal Correspondent

MR G. F. Mancini, one of the European Court's Advocates-General, is now pondering an appeal case, the outcome of which may well change the accepted views about the working of the competition department of the Commission and the review procedures of the European Court.

The dispute* is a contest between the four largest tobacco companies operating in the common market. British-American Tobacco Company of London (BAT) and R. J. Reynolds Industries of Winston Salem, North Carolina, US (RJR) asked the court to quash a decision of the EEC Commission approving a link between Philip Morris Inc, New York (PM) and Rembrandt Group of South Africa (RG).

The case came before the Commission first in May 1981 when the Rembrandt Group concluded an agreement with Philip Morris, whereby Morris became the owner of half the equity in Rothmans Tobacco (Holdings) (RTH) and of half the convertible bonds issued by Rothmans International (RI) and owned by the Rembrandt Group. For this and for certain trademark rights in the Americas and in South Africa, Morris paid $350m.

The Commission objected to this arrangement which gave to the two groups equal and joint control over the UK-based Rothmans International, with sales of about £2.5m of which half are in the EEC. The Commission took the view that these agreements providing for close co-operation between two major competitors infringed the anti-cartel rules of article 85 and the anti-monopoly rules of article 86 of the EEC Treaty. It suggested that PM and RG should amend their agreements so as to remove the infringements of EEC competition rules.

Such new revised agreements were finally concluded in 1984. PM abandoned its half interest in the holding company (RTH) in exchange for a direct shareholding of 30.8 per cent of RI equity, representing 24.9 per cent of the voting power. RG retained, through RTH, an interest which represents an equal part of equity, 30.8 per cent, but a higher proportion of the votes, namely 43.6 per cent. PM still holds certain convertible RI bonds but has agreed not to increase its shareholding. The agreements include elaborate provisions in the event that RG would wish to dispose of its RI shares, the efect of which seems to be that, in such a case, Philip Morris would remain in control, though this is contested by the two companies and by the Commission.

PM undertook not to be represented on the management bodies of RI and not to accept competitive information concerning it. It also promised to inform the Commission within 48 hours of changes in the terms of the new agreements and any increase in PM's holding or voting rights. BAT and RJR continued to insist that the link should not be approved by the Commission. They took the view that the revised agreement represented only a technical change without altering anything on the original intention of the parties to co-operate closely and to eliminate mutual competition not only on the world markets but also within the Community.

However, the Commission accepted the changes and the undertakings as a complete reversal of the previous situation and by a letter of March 22 1984 informed the two complaining companies that it found no infringement of the competition rules and was closing the file. BAT and RJR appealed to the court against this decision. The appeal raises a number of highly interesting issues of procedure and substantive law.

First, there is the issue of admissibility. The Commission's letter of March 22, though addressed to the applicants, does not change their legal position, though it does affect them economically.

Another point of procedure goes straight to the core of the dispute. The appellants insist that they should be shown the administrative file recording reasons which led the Commission to change its view of the link. BAT complains that after a hearing held on October 7 1982, the Commission was approached by lobbyists acting for PM and including a former vice president of the Commission.

The content of the statements made by these lobbyists was never recorded as required by article 9/4 of regulation 99/63, and BAT concludes from this that the Commission's decision was adopted on the basis of arbitrary, undisclosed factors unrelated to the merits of the case and introduced outside the established procedure.

This procedural defect, therefore, leads, in the view of BAT, to a major substantive fault, namely the abandonment of the principle of good faith by the Commission. The situation can be compared to a judicial review of administrative decisions in English courts when the complaint is that the authorities were prompted by considerations which they should not have taken into account.

Considering the application of article 85 of the Treaty, the Commission stated that the revised agreements, analysed in their legal and factual context and economic framework, do not have as their objective or effect the distortion of competition in the Community. This can be translated as a ruling that an agreement leading to participation of over 30 per cent of equity in a competing enterprise and with 24.9 per cent of votes should not by itself be considered anti-competitive.

However justified such a new principle might be when applied in other situations, its result in the present case is questionable.

The Commission also admitted that, under different circumstances, it might in the future have no objections against PM gaining complete control over Rothmans International. Trying to explain why PM should not be expected to protect the value of its investment in RI by avoiding competition, it indicates that PM will be interested in keeping the share price of RI low as it "will want to be in the best possible financial position to exercise its option to buy additional shares in RI should the Commission in the future raise no objections . . ." This means that the "notable" reason on which the Commission relies for inducing PM to continue to compete with RI is that PM will wish to do what the Commission prohibited as anti-competitive in 1981.

Turning to the anti-monopoly article 86, the Commission stated in its letter that an abuse of dominant position is not taking place where the investing company is unable to exercise control over the conduct of the company in which it has invested. Leaving aside the obvious objection that a 24.9 per cent plus 0.1 per cent concert party would be enough to block important decisions of the company — and, indeed, any holder of more than 10 per cent can cause quite a lot of trouble — there is the question of motives behind such investment.

It seems improbable that a tobacco company should put such a lot of money into another tobacco company if its intention was only to secure the best and safest return from its investment. It would be against the most basic precept of not putting all your eggs in one basket.

There are plenty of other investment opportunities and if PM chose investment in a competitor, it is difficult to escape the conclusion that it wished to gain influence over its business, a conclusion further fortified by the prehistory of the agreements.

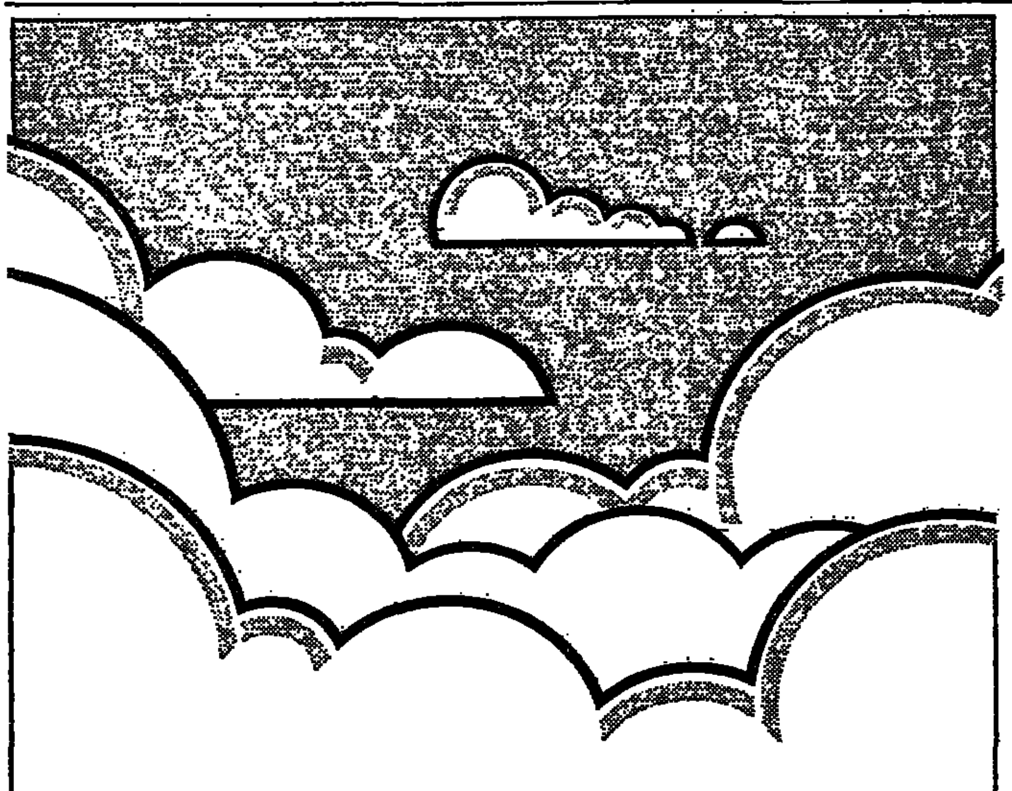
In an oligopolistic market, the four leading competitors can be said to share the dominant position and, by linking hands, two of them are likely to increase their dominance beyond a mere sum of the shares held by them before. However, one can also see that such increase in dominance would hardly make the oligopolist independent of market forces—so that there is hardly room for the Commission to make use of the powers received from the Court in the 1973 *Continental Can* judgment.

No doubt anti-smoking campaigners would welcome a decision by the Commission giving its blessing to restrictions of competition which would tend to drive the price of cigarettes higher. On the other hand, there is a justly instinctive reaction against the creation of unnecessary monopolies.

BAT suspects that in making the decision, legal considerations were not as important as they are made out to be. Nothing wrong with that. In the UK, major competition decisions are ultimately for the Government to make. Even the highly legalistic German system provides for ministerial exemptions.

But one should insist that political decisions are made in the open and politicians defend them on economic and political grounds, and not hide behind lawyers and bureaucrats.

* *Joint cases 142 and 156/84*



APPOINTMENTS

Express Foods managing director

Mr Michael S. Hodgkinson has been appointed managing director of EXPRESS FOODS GROUP. He has been deputy chief executive since February 1985. Mr Christopher J. Chamberlain has been appointed commercial director. Mr Chamberlain, who was business planning and trade relations director, remains a member of the Express Foods Group and Express Foods Group (International) boards. Mr James M. B. Murphy has been appointed director of trade relations, Express Goods Group. Mr Murphy was director of milk procurement. Mr Richard W. Etches has been appointed personnel and administration director, Express Foods Group. Mr Etches was personnel development director, Grand Metropolitan Group Services. Mr Etches is appointed a member of the boards of Express Foods Group and Express Foods Group (International). Mr Etches replaces Mr J. Howard Chandler who has been appointed senior vice-president, personnel and administration for Grand Metropolitan USA.

★

CHASE CORPORATION has appointed Mr Patrick Garner to the board. He is chief executive of Chase's UK operations. Mr R. J Moodabe, Mr W D Jolly and his alternate Mr R J Spiers have resigned from the board of Chase Corporation and will sit on Chase's New Zealand executive board.

★

TAYLOR WOODROW HOMES has appointed Mr Richard Mooney as chairman, in addition to his responsibilities as managing director from January 1. He joined Taylor Woodrow Homes in 1964 and was appointed managing director in 1980. He is president of Taylor Woodrow (Mallorca) SA. He is promoted to chairman from deputy chairman, a post he has held since 1983, and succeeds Lady Taylor who becomes deputy chairman. Lady Taylor remains a main board director of Taylor Woodrow. Taylor Woodrow Homes is the housebuilding subsidiary of the Taylor Woodrow Group.

★

WYETH INTERNATIONAL has appointed Mr Ray R. Osborne as chairman and chief executive. Mr David Olivier succeeds Mr Osborne as executive vice president and chief operating officer. He was previously president of Sherwoods US operations. Mr Jean Hardy, group vice president-Europe, has been promoted to senior vice president responsible for affiliate operations. Mr G-Claude Leroux, previously area vice president-Europe south, has been appointed group vice president for Europe.

Finance man for Beecham

Mr Hugh R. Collum has been appointed group finance director and a member of BEECHAM GROUP board, from early in the New Year. He was finance director of Cadbury Schweppes.

★

Mr Stephen Callender has been appointed to the board of KLP.

★

Mr David Grove has been appointed chief executive of MABEY HOLDINGS. He was finance director.

★

At BLACKWOOD HODGE Mr M. D. Mike Willmot has become an executive director. He joins from Lucas Industries where he has been director and general manager of the overseas division of Lucas World Service for the past five years. In a re-assignment of executive responsibilities the executive directors of Blackwood Hodge will be responsible to the group managing director, Mr K. C. Scobie, as follows: Mr R. A. Cameron—for Africa and Australia, Mr B. Thompson—for North America, Canada, UK exports and Asia, and Mr M. D. Willmott—for UK domestic activities and Europe.

★

MIDLAND BANK GROUP has restructured its worldwide trade and project finance activities and has appointed Mr Tom Robson head of international trade and export finance from January 1. He is an assistant general manager at Midland Bank International. The new organisation combines the operations of Midland Bank International and Samuel Montagu, the group's merchant banking arm.

★

FRANK USHER HOLDINGS has appointed Mr Derek Crowcher and Mr Len Wright to the board.

★

At PAISNER & CO Mr Lindsay Wilmer has become a partner in the property department.

★

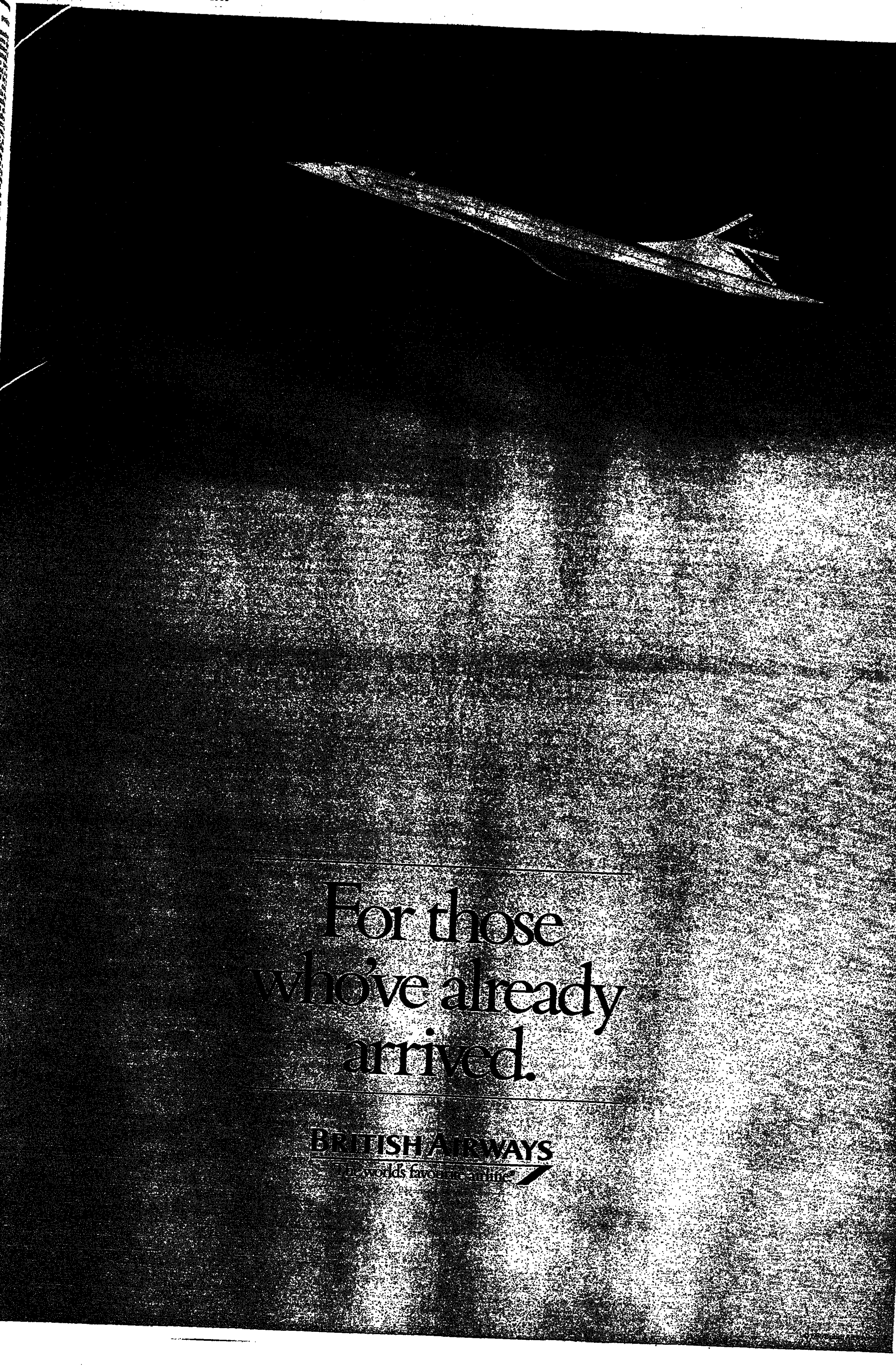
Mr Ian Harrison has been appointed group financial controller of COURTAULDS. He will join the group on February 1. Mr Alex Twentyman has been appointed chief accountant.

★

New UK managing director for CHAMPION SPARK PLUGS is Mr Bill Graham. He was director of finance and business development Europe — based in Brussels.

★

Mr G. A. Topping, has been appointed chairman and managing director of TAYWOOD ENGINEERING, part of the Taylor Woodrow Group, from January 1. He succeeds Mr R. S. Taylor, who is also retiring from the board of Taylor Woodrow Construction. Mr D. M. Stonehouse, is relinquishing his directorship of Taywood Engineering on December 31, to concentrate on other responsibilities within the Taylor Woodrow Group. Mr G. M. Knight and Mr M. Prekopiou, are both appointed directors of Taywood Engineering from January 1.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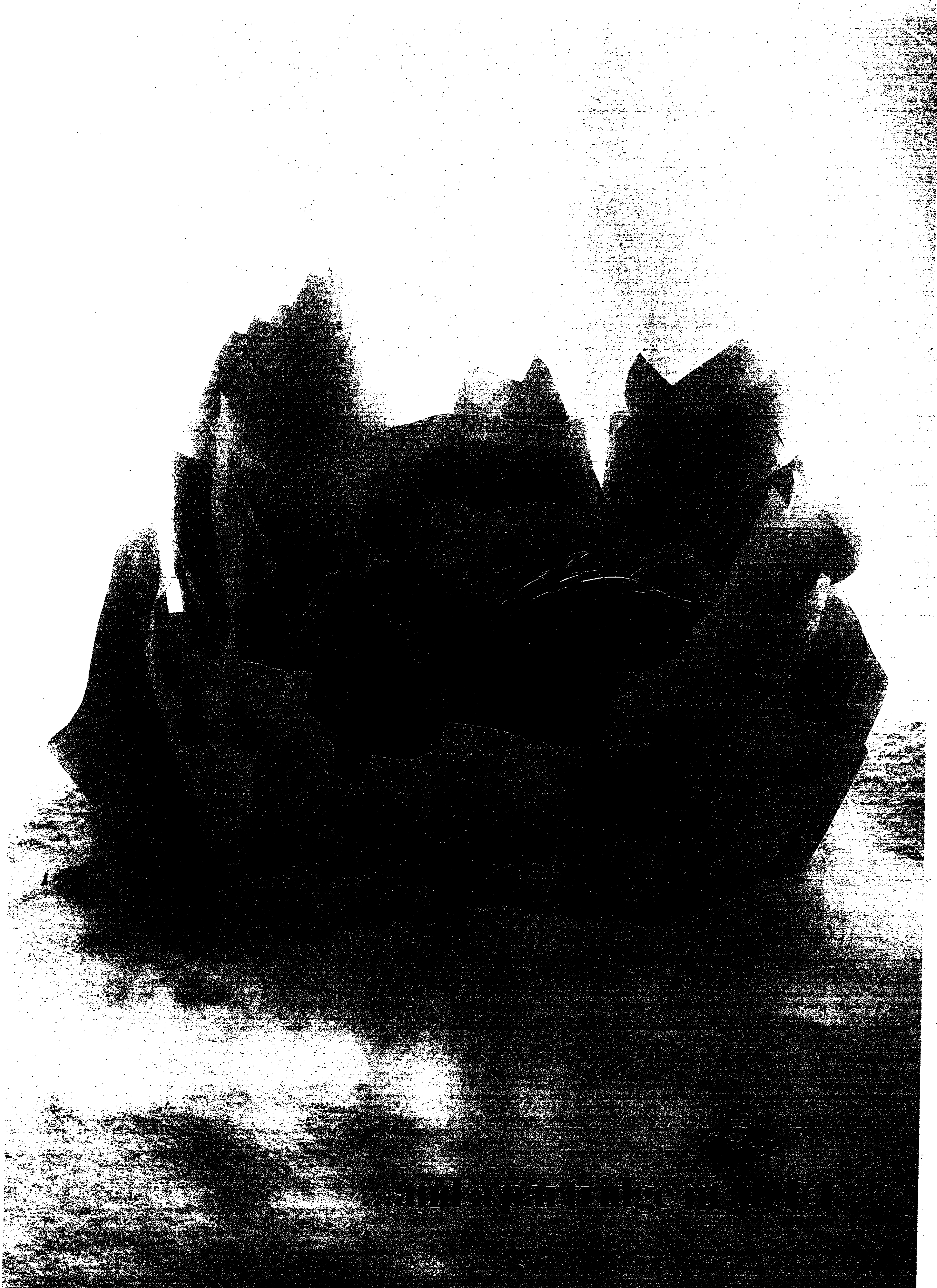

...and a partridge in

Westland profits of £26m better than expected

BY DAVID GOODHART

WESTLAND GROUP, the UK helicopter company at the centre of a major political storm earlier this year, has reported a pre-tax profit for the year to the end of September of £26.4m, which is markedly ahead of City of London expectations and compares with a loss of £95.3m in the previous year.

It was last year's loss which led to the political battle between supporters of a reconstruction led by a wholly European consortium and the successful alternative of Sikorsky, the US helicopter maker, and Fiat of Italy.

That reconstruction led to an injection of £75m of new capital by United Technologies Corporation (Sikorsky's parent company) and Fiat which has left Westland with no net borrowings.

But Sir John Cuckney, Westland chairman, stressed that the profit figure and the 11 per cent increase in turnover to £344.4m reflected a significant underlying improvement.

However, he also said that, while the helicopter order books were full until the end of 1988, an "order gap" could arise before the EH101 helicopter comes on stream in 1991.

Sir John hinted at the need for support for Westland from Ministry of Defence (MoD) procurement policy and said: "We will not maintain an independent helicopter operation in the UK as an act of charity."

The MoD is currently reviewing its helicopter policy, and Sir John warned: "We must not fall below the critical mass level at which we cannot maintain an indigenous helicopter industry."

The company says that its association with UTC and Fiat – both of which hold 7.4 per cent of the equity – is already producing results and that an agreement was signed on Wednesday night for Westland to maintain the Sikorsky helicopters used in the North Sea.

It also emphasises that it is continuing to diversify out of helicopter manufacturing and has two other successful divisions – aerospace and technologies which account for just under 40 per cent of turnover and close to two thirds of pre-tax profit.

Westland hopes to fill the "order gap" with orders from Sweden, West Germany and Belgium and is also reviewing the possibility of transferring staff and equipment from the helicopter division to the other two.

The results have been boosted by a £10m reduction in research and development spending and a £5m pension fund holiday spread over three years.

But while £10m of an exceptional provision from last year has been released, an additional provision of £10m has arisen on a military export contract against which £20m was provided last year.

Westland is unable, legally, to pay a dividend on the ordinary shares, but there is a one-for-25 scrip issue. Shares closed at 85p, down 3p.

Windsor jewels for sale

BY ANNALENA McAFEE

THE magnificent jewellery collection of Wallis, Duchess of Windsor, is to be sold at auction in Geneva next April, Sotheby's announced yesterday.

The jewellery was given by the Duke of Windsor, who abdicated from the British throne 50 years ago yesterday because of disapproval about the Duchess's earlier marriage.

The collection, which includes diamonds, emeralds, sapphires rubies and 87 pieces by Cartier of Paris, is expected to fetch more than £5m.

There had been speculation that the collection was to be left to the British royal family, but the Duchess, who died in April, left instructions that proceeds of the sale should go to medical research at the Institut Pasteur in Paris.

Many of the 200 pieces contain personal inscriptions and will attract the interest of historians as well as jewellery collectors.

The jewels will be exhibited in New York from March 17 to 22 before their sale in Geneva on April 2 and 3.

Michael Cassell reports on Labour's W. German ally on a non-nuclear strategy

Rau emphasises need for a strong Nato

MR JOHANNES RAU, the West German Social Democratic Party's (SPD) candidate for Chancellor, yesterday pledged support for Labour's non-nuclear defence objectives but refused to be drawn into giving a specific endorsement of the proposed withdrawal from West Germany of UK short-range, tactical weapons.

Mr Rau was in London for talks with Mr Neil Kinnock, the Labour leader, and to give the Blanche Colebrook Memorial Lecture to the Fabian Society. The SPD and the Labour Party last week released a joint policy statement on defence and disarmament in which they called for arms reductions and the eventual elimination of nuclear weapons.

The two parties are committed to the creation of a European pillar in the Atlantic Alliance, the strengthening of Nato conventional forces, a freeze on nuclear testing, the adoption of a "no first use" strategy and an end of support for the US "Star Wars" programme.

But Mr Rau yesterday emphasised that, while the two parties were agreed on their aim to achieve the lowest possible level of nuclear weaponry in Europe, any changes in Nato strategy were a matter for discussion involving all the Nato allies. He said that he did not agree with every aspect of Mr Kinnock's proposals but emphasised that they were united in their desire for a strong Nato and for disarmament in east and west Europe. The SPD, he added, still sought the defence guarantee of the US, Britain and France, but not on the basis of nuclear protection.

Labour's proposals again came under fire yesterday from the Government. Mr George Younger, the Defence Minister, said it was clear that, behind all the window dressing, the non-nuclear defence strategy would deal a body blow to the Atlantic Alliance which had maintained peace for nearly 40 years.

Mr Younger last night claimed that Mr Kinnock was obscuring his real intentions and challenged him to give unambiguous answers to a series of questions. He asked if Mr Kinnock now accepted the protection of Nato's nuclear umbrella, whether he would go ahead with his promise to withdraw all nuclear protection from British troops in West Germany and whether he would confirm his intention to remove all nuclear forces from Britain.

Mr David Steel, the Liberal leader, claimed that Labour's defence policies offered a grim prospect of instability in the alliance and impotence for Britain. Neither Mr Kinnock nor Mr Denis Healey, the shadow Defence Secretary, could really believe that the process of worldwide disarmament between the super powers would be promoted by Britain "ratting on its responsibilities."

Commenting on Mr Rau's reservations about aspects of Labour's strategy, Mr Kinnock acknowledged that West Germany's proximity to the Warsaw pact front line "made a big difference to the argument" but he re-emphasised his party's commitment to withdraw its own tactical nuclear weapons from Europe on the same basis that Polaris missiles in the UK would be decommissioned as soon as Labour won power.

He said later: "Where command or personnel are integrated, we will not disentangle them. We must distinguish between weapons systems operating under dual or multiple control. He denied that the withdrawal of British-controlled nuclear arms contradicted the party's readiness to accept existing Nato's flexible response strategy until it managed to get it changed.

In re-emphasising his commitment to a non-nuclear strategy, he added: "The policy has been set down, will be pursued and will be achieved."

Mr Kinnock reaffirmed Labour's acceptance that it would have to accept the existence of the nuclear umbrella while it attempted to alter Nato policy. He said he was against allowing the US to make first use of its nuclear arsenal on behalf of Britain but that the existence of nuclear weapons in the hands of both superpowers was a fact of life. If the US used them, it would be according to US priorities.

Mr Johannes Rau

Unisys to close plant in Scotland

UNISYS, the US computer group formed recently from the merger of Burroughs and Sperry, is to close its plant at Cumbernauld in Scotland with the loss of 350 jobs, Terry Dodsworth writes.

The former Burroughs plant is one of the oldest in Cumbernauld, the new town just outside Glasgow which has carved out a niche for itself by attracting high-technology companies. For the last year, however, the future of the facility has been under a cloud after the shutdown of manufacturing last February left it with an engineering and distribution function only.

Unisys, the second-largest computer company in the world, said last night that the decision was part of a worldwide rationalisation in the group aimed at achieving a workforce reduction of 8 per cent. Large-scale redundancies have already occurred in the US, where the company has closed four plants employing 2,230.

□ LAW SOCIETY COUNCIL agreed in principle to a new publicity code which would give solicitors much greater freedom to advertise than at present. It would permit solicitors to advertise on television, billboards and in the windows of estate agents.

□ ITALY'S third-largest savings bank, Cassa di Risparmio di Roma, was given permission by the Bank of Italy and the Bank of England to set up a representative office in London. The move, is part of a strategy by the bank to diversify out of its traditional savings business into trade finance and other banking markets.

□ PERSONAL and business bankruptcies in England and Wales totalled 6,358 last year, a fall of 17.5 per cent on the previous year, according to Department of Trade and Industry figures.

□ DEREGULATION of European air fares will be on the agenda for next Monday's meeting in Brussels of European transport ministers, the last such meeting under the UK's current presidency.

□ GUINNESS, the brewing and spirits company, appointed the public relations company Hill and Knowlton to act as its special advisers with regard to the investigation of the Department of Trade and Industry into its share-dealing activities during its bid for Distillers in the spring.

□ BRITISH ARMY unveiled its new £13m private digital telecommunications network, which is likely to be one of the largest in Europe when it is complete. There will be 72 exchanges linking 30,000 subscribers.

□ UK CAR production continued at a subdued level in November. Provisional estimates from the Department of Trade and Industry show output, seasonally adjusted, of 81,000 in November, unchanged from October.

□ WIGGINS TEAPE, the paper-making subsidiary of BAT Industries, has confirmed that it is to purchase Ceasa, the Spanish eucalyptus pulp maker, for £42m.

MPs are up all night debating education

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT and Opposition last night both claimed satisfaction after the House of Commons had sat continuously for 26 hours 18 minutes debating the education bill.

For most of the time between midnight and breakfast yesterday only a quarter of MPs were in the Palace of Westminster voting, although numbers rose later. The weekly Cabinet meeting had to be shifted from 10 Downing Street to Mrs Thatcher's room in the Commons

In the process the bill to restructure the machinery for determining teachers' pay and conditions was passed in an unamended form, and Thursday's Commons business, mainly concerning Northern Ireland, was wiped out and duly rearranged for next Tuesday.

The whole proceedings were conducted with heavy parliamentary good humour as both sides obtained what they wanted. The Government had won approval for its bill slightly earlier than originally expected, and the measure will now, as planned, go for its second reading in the House of Lords

The bill is likely to come under greater pressure to be amended in the Lords where the education lobby is strong. The bill replaces the current Burnham machinery for fixing teachers' pay with a new structure giving the Education Secretary the crucial say.

Mr Kenneth Baker, the Education Secretary, claimed that the Government's success in getting the bill through unamended would strengthen its hand in resolving the impasse to the teachers' pay dispute.

Most of the running during the night was made by Labour MPs: Mr Dennis Skinner spoke for 1 hour 48 minutes and Dr John Marek spoke for a total of 2 hours 40 minutes including two speeches of over an hour. Mr John Biffen, the Leader of the Commons, denied that the proceedings represented any sort of filibuster, but the bill was finally passed by 235–152, a majority of 83, with less than three quarters of the MPs voting.

British industry 'spending too little on research projects'

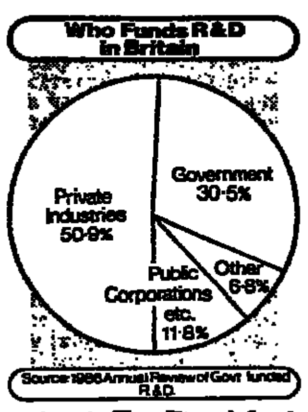
BY DAVID FISHLOCK, SCIENCE EDITOR

A GOVERNMENT campaign is planned to get British industry to disclose its spending on research and development (R&D), in the belief that this will persuade private industry to invest more in research.

It was disclosed by Mr John Fairclough, the Government's chief scientific adviser, when he presented the annual review of Government R&D in London yesterday. The review discloses for the first time the low rate of spending on R&D within private industry in Britain.

Private industry is funding little more than a third of a total R & D bill of £8.6bn this year. Mr Fairclough, seconded by IBM as chief scientific adviser at the Cabinet Office, said the main lesson he had learned from his first experience of compiling the national R & D statistics was that British industry should be spending more.

He strongly favoured disclosure by companies of their research investment, as one of the most important things that might be done in the short term to stimulate greater investment. The City of London needed to have an understanding of a company's R & D plans when it made an assessment of its prospects.



Mr Fairclough said he did not believe the answer was for the Government to pay any more towards industry's research. British companies were already over-dependent on government. His science staff were still studying whether disclosure of R & D investment should be made mandatory – as it was in the US – or voluntary.

In the past, the Government had been reluctant to add to the controls on industry by making disclosure mandatory, despite a strong recommendation from a House of Lords select committee.

Disclosure would not cure Britain's failure to turn new ideas into new products as efficiently as its main trading rivals, Mr Fairclough said. But he believed it could be a factor in persuading City analysts to take a longer-term view of a company's prospects.

He contrasted the attitude of Britain's chemicals and pharmaceutical groups, which spent their own money generously in pursuit of new products, with that of Britain's private defence and electronics groups, which took the view that the Government owed them research funds.

1986 Annual Review of Government-funded R & D. HMSO. £10 50.

Mellon economist sees 1-in-3 chance of US recession

BY HUGO DIXON

THERE is a one-in-three chance of a recession in the US next year, a leading American economist said yesterday.

Speaking on the third day of the Financial Times World Banking conference, Mr Norman Robertson, chief economist of Mellon Bank, said consumer debt had built up to such a level that there was "little or no room to reduce savings or accumulate additional debt." Consumer spending was likely to grow less quickly.

On top of this, he anticipated cutbacks in investment and house building, and a slowdown in public-sector expenditure. The budget and trade deficits would, however, persist. So not much of a boost to growth could be expected from exports.

Mr Hilary Reddy, chief financial officer of the International Finance Corporation (IFC), the World Bank's private-sector arm, said the international economy was in a "vicious circle.

"The reluctance of economic activity in the industrialised countries to accelerate in 1986 has forced the developing countries to adjust their own pace." The slowdown in Third World growth was, in turn, restraining growth in the industrial world, he said.

Sir Campbell Adamson, chairman of the Abbey National Building Society, said societies would not dive headlong into the rented housing sector when they were allowed to next year. The economics of providing rented housing were very unattractive. So it was essential that far-reaching changes were made to the Rent Acts, as the Government had promised.

Mr John Smith, the Labour Party's trade and industry spokesman, said the Securities and Investments Board, the City of London watchdog, should be a statutory body rather than a private-sector company.

Mr Geoffrey Fitchew, director general for financial institutions at the European Commission, said it was important that Europe had an efficient financial marketplace if it was not to lose market share to Japan and the US.

The Commission was pursuing this objective on two fronts. First, it was seeking to establish common banking regulations in all European countries; second, it was working for a free market.

Mr Robin Monro-Davies, managing director of IBCA, the banking analysis company, said there were signs of banks falling over themselves to get into securities markets, develop off-balance-sheet financing and pursue high-net-worth individuals.

This could lead to overlending and bad debts in much the same way that previous enthusiasms for Third World and energy loans had.

Mr Kent Price, a former Citibank man who was now chief executive of Chloride, the electrical group, said retail banks would have to examine their costs.

To become more efficient, they would have to close branches and charge all customers the true cost – plus profit – of services they provided.

Mr James McDermott, a senior vice president at Keefe, Bruyette & Woods, the US banking research firm, said US banking faced three main problems: the poor quality of some of its earnings and capital, the high level of bad debts among certain banks and the risks posed by the rapid growth in contingent liabilities.

In assessing which banks would best be able to adapt to changes in the banking system, he said it would be critical to distinguish between well managed and poorly managed ones.

Search for markets 'will continue to become more international'

BY TONY JACKSON

FT CONFERENCE
Pulp and Paper

MARKETS in pulp and paper would continue to become more international, speakers told a Financial Times conference in London.

Dr Hartwig Geginat, chairman of the Feldmühle of West Germany, said the list of paper grades which ranked as world market commodities was growing longer. The desire to remain competitive, because it generally meant increased production, also forced companies to widen their markets.

As a net exporter of paper and board, he said, Western Europe would continue to improve its world share while the share of the US would decline.

"If there is an outlet for the rising paper capacity in North America, Western Europe and Japan, it can in the end only be in the developing world," he added.

Worldwide concentration of paper production should also continue, he said. Cross-border concentration in the industry would be the most important single influence on internationalisation.

Mr Bill Turner, chairman of Consolidated-Bathurst of Canada, said that any company with pretensions to be a long-term player in the industry had to have production facilities where the markets were, if only to protect itself against exchange rate fluctuations.

The trend towards joint ventures in developing countries was also likely to increase, he said.

Mr Bowen Smith of the US stockbrokers Salomon Brothers said that foreign producers were going to get increasingly involved in the US market and vice versa.

The restructuring forced on the US industry by investors such as Sir James Goldsmith was putting assets on the market, and this was an opportunity which overseas companies should consider.

Profitability and cash flow in the US industry were also improving rapidly, and companies were anxious to spend their cash before they drew the attention of corporate raiders.

"The only reason they haven't spent it yet is that they are looking for things to buy over here," he said.

Mr John Worlidge, chairman of Wiggins Teape, questioned how far internationalisation in world paper had yet occurred.

For a number of countries it was extraordinarily difficult to enter international markets, and the lack of an adequate home market was a barrier to internationalisation. However, he firmly believed that the international trend was on the increase.

Mr Bo Wergens, director general of the Swedish Pulp and Paper Association, said the goal of the European industry had to be sustained profitability. An important way to ensure this was by increasing the value-added component in the industry's products.

Mr Erling Lorentzen, president of Aracruz Cellulose of Brazil, said that Brazil would play a growing role in world paper and pulp markets.

Projects under consideration by Brazilian companies would add an extra 1.5m tonnes of eucalyptus pulp production by 1990. Aracruz itself planned to raise its capacity by 525,000 tonnes to 1m tonnes in that time, at a cost of $1bn (£700,000).

Mr Fumio Tanaka, chairman of Oji Paper and also of the Japan Paper Association, forecast large growth in pulp and paper imports to Japan, with consequent restructuring of the domestic Japanese industry.

"Import dependence has increased steadily, and that increase has changed its focus from raw materials to finished or semi-finished products," he said.

Mr Christer Zetterberg, president of Holmens Bruk of Sweden, said the 8m tonne Western European market for newsprint was likely to grow by around 10 per cent by 1990.

He believed that Canada would continue to supply only around 600,000 tonnes to Europe, because of the import requirements of the US, and that operating rates in Europe would reach 94 per cent next year.

Mrs Norma Pace, senior vice president of the American Paper Institute, said that changes in ownerships, and restructuring of US paper companies would lead to greater US participation in world markets.

"We are concerned over what we perceive to be an anti-American attitude on the part of the European Community to our industry," she said.

"Free and fair are the conditions for every player in the game. Without that, there will be no game."

BANK OF ENGLAND QUARTERLY BULLETIN

Industry faced with 'great opportunities'

REPORTS BY PHILIP STEPHENS AND JANET BUSH

FASTER world economic growth and a more competitive exchange rate presented Britain with great opportunities to overcome longstanding unemployment problems and a declining industrial base, according to the Bank of England.

However, the Bank warned that rapid growth in earnings and relative unit costs and their implication for Britain's competitiveness could threaten industry's ability to respond to those opportunities.

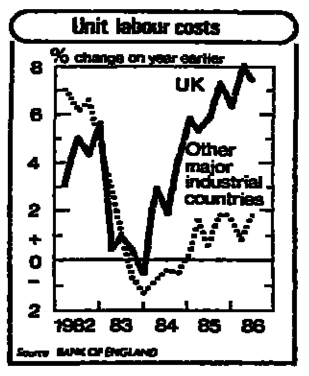
It indicated that it believed the Government's official forecast of 3 per cent growth next year, with only a relatively modest rise in the inflation rate, represented a plausible projection. "The Chancellor [Mr Nigel Lawson] has painted a picture of non-inflationary growth which is, or ought to be, within our grasp," the bulletin said. The Bank echoed its often-expressed concern over the pace of wage rises, however, and said that in spite of Britain's recent productivity upturn, unit wage costs were likely to continue to rise much faster than those of the UK's main competitors. Comparisons with other countries suggested the UK's basic problem lay less with productivity than with its relatively high wage settlements.

"If better cost performance could be maintained, it would greatly ease domestic inflation pressures and help competitiveness," the bulletin said.

The Bank is concerned that there should be no further devaluation of sterling against other main currencies. Depreciation of about 16 per cent over the last year was estimated if anything to have exceeded that required to offset the effect on the current account of halved oil prices over two to three years. It threatened to exert more than offsetting pressure on retail prices. Britain's core rate of inflation of about 4 per cent is twice the average of equivalent rates among its most important competitors.

The bulletin noted that wage settlements and earnings had not come down in line with inflation in spite of the persistence of high unemployment. This pointed to a growing division in the labour market between those with jobs and those without.

"The mismatch between the particular skills most in demand



and those of the unemployed may be widening, and this may have resulted in upward pressure on some wage settlements," it said.

Turning to the prospects for growth, the Bank said there had been signs in recent months that industry was beginning to respond to buoyant consumer spending in Britain and increased opportunities abroad.

A strong supply response from industry would be essential if the prospective current account deficit in 1987—about £1.5bn on the Treasury's forecasts—was to prove temporary.

"The extent and duration of the deficit depends on industry's response to its present trading opportunities. It would be most regrettable if uncertainties about sterling slowed industry's supply response," the bulletin said. This in turn could feed exaggerated perceptions of underlying adverse trends in Britain's trade position.

The Bank appears uneasy about the present pattern of economic growth. It noted: "During the past year the composition of demand has altered from one of fairly balanced growth to greater dependence on consumer spending."

The surge in consumer spending — triggered by rapid increases in wages and a lower inflation rate — had been a key factor behind the rapid growth in imports in recent months. Britain's underlying deficit in manufactured trade rose sharply from £1.2bn in the second quarter of this year to £2.2bn in the third. Imports of consumer goods, boosted by the strong growth in personal disposable income and borrowing, were 18 per cent higher in the third quarter than a year earlier.

"The prospects of faster growth in exports and a modest upturn in investment next year, however, indicate there should be a better balance between consumer spending and other components of expenditure.

It warned, however, that monetary conditions continued to be difficult to assess with any precision, both because of the far-reaching structural changes in financial markets and one-off distortions caused by such events as the flotation of British Gas.

Bank of England Quarterly Bulletin, December 1986. The Bulletin Group, Economics Division, Bank of England, London EC2R 8AH. £7.50.

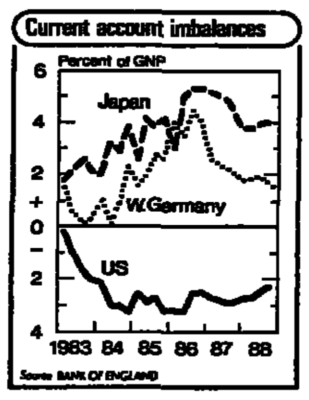
Leading industrial nations can expect 3% growth rate

THE world's seven leading industrial nations can expect an annual economic growth rate of about 3 per cent into 1988 with inflation averaging between 2 per cent and 3 per cent, the Bank said in its assessment of international economic prospects.

It acknowledged, however, that recent statistics from West Germany and Japan indicated that the upturn from the pause in the world economy earlier this year was taking longer than expected. The forecast assumed a gentle rise in the oil price from $15 to about $20 per barrel by the beginning of 1988.

The Bank predicted that the boost to real incomes in industrial countries from the collapse of the oil price and weak international commodity prices would promote faster growth in private consumption. In parallel, improved corporate profitability and recent falls in interest rates should provide a boost to investment.

The Bank warned that this cautiously optimistic scenario risked being overturned by the



persistence of big imbalances in the world economy — above all the huge current account imbalance between Japan and the US.

The sharp depreciation in the value of the dollar over the past year and a tighter fiscal policy in the US should begin a gradual turnaround in trade volumes between the US on one side and Japan and Europe on the other.

A changing pattern of growth between the leading economies —with domestic demand in the US growing slower than output, with the reverse anticipated for Japan and West Germany — should also contribute to the adjustment.

But in spite of these trends the Japanese current account surplus could rise to $100bn (£70.42bn) next year, twice the level of 1985, and fall only slightly in 1988. In contrast West Germany's surplus was expected to fall appreciably from the $35bn anticipated for 1986.

These figures imply that the US current account deficit will stabilise at around $125bn a year, although it could fall slightly as a proportion of national output in 1988.

The implication is that a further depreciation of the dollar against the yen may be needed to reverse the imbalance unless Tokyo takes more aggressive action to stimulate domestic demand and the US makes Draconian cuts in its budget deficit.

REMAINING OIL AND GAS RESERVES

	UK reserves(a)					Number of years reserves at 1985 consumption rates(b)		
	In present discoveries			In future discoveries	Total	UK (a)	UK (c)	World (c)
	Proven	Probable	Possible					
	Millions of tonnes (oil equivalent for gas)							
Oil	750	480	650	295–2,235	750–4,115	10–58	24	34
Gas	540	495	644	183–496	540–2,375	11–49	16	58

(a) Department of Energy estimates for the end of 1985.
(b) Excluding exceptional element due to miners' dispute.
(c) Based on figures for "proven" reserves in Oil and Gas Journal, 30 December 1985, which are on a different definition from those from the Department of Energy.

Pace of N Sea exploitation may have been right

BRITAIN is more than self-sufficient in oil and gas combined but the ratio of remaining reserves to the rate of consumption is lower than for the world as a whole, according to the Bank of England.

In its first analysis on North Sea oil and gas since the March 1982 Quarterly Bulletin, the Bank said it was not possible to assess how well-judged the pace of exploitation of reserves had been, but the period of high North Sea production in the first half of the decade coincided with a period of very high prices. It could, therefore, be argued with hindsight that the depletion profile so far had been reasonably favourable.

Britain would eventually return to being a net importer of oil and gas, when a higher oil price would be to its disadvantage. The Bank forecast oil prices would rise to $20 per barrel by the beginning of 1988.

It said estimates at the end of last year suggested reserves of oil would last another 10 to 58 years based on 1985 rates of consumption and another 11 to 49 for gas. It said the most likely figures would be in the lower end of these ranges.

The Bank said oil price was one factor which would determine the output profile. Most of the production assumed in official forecasts (which run to 1990) came from fields already in production or under development, which may not be very sensitive to price movements over a wide range.

Although the average cost of production from these fields was fairly high, the marginal cost was much lower and prices would have to be very low before a significant proportion of this production was lost, the Bank said. By contrast, production from fields that were still to be found or developed were likely to be more sensitive to price.

As for gas, the Bank expected Britain to increase domestic output in the next few years as production from the Frigg field declined and the proportion of domestic gas consumption covered by domestic production could be expected to rise. Britain imports about 25 per cent of its gas needs, mainly from the Norwegian part of the Frigg field.

Big Bang boost for securities

DEALING costs in UK securities markets have been cut substantially and liquidity has improved since the deregulation of financial markets on October 27, according to the Bank's report.

In both the equity and gilt-edged markets, there had been a reduction in effective commissions as many institutions were doing a large part of their business directly with primary dealers and there was greater competition between the increased number of committed market-makers.

TYPICAL EXPENSES* ON A £100m RIGHTS ISSUE

	£	Per cent of amount raised
Capital duty	1,000,000	1.00
Stock Exchange listing fee	14,000	0.01
Printing costs	23,000	0.02
Distribution costs	14,000	0.01
Receiving banks' charges	42,000	0.04
Accountants' fees	50,000	0.05
Legal fees	17,500	0.02
Issuing houses' fees (including sub-underwriting and brokers fees)	2,000,000	2.00
Total	3,160,500	3.16

* These expenses do not include the 15% VAT charged on the fees but this VAT can be recovered by most trading companies and is therefore not usually a cost.

The Bank said that the reduction in transaction costs would encourage more active dealing by investors and that the liquidity of markets was likely to be substantially improved. It added, however, that it was too early to draw firm inferences because of a relatively cautious approach by market-makers in the initial period after Big Bang.

The Bank gave an example of lower costs in its bulletin. On a purchase and resale of £500,000 of one of the most heavily traded "alpha" stocks, the total transaction could be less than 1 per cent compared with 2¼ per cent before deregulation and the halving of stamp duty to ½ per cent. A switch of £500,000 worth of gilts could now cost as little as 1/16 per cent to ⅛ per cent compared with more than ½ per cent previously.

The Bank said the changes would have important implications for techniques for issuing shares on the Stock Exchange. The highly capitalised securities houses, both British and foreign, would be keen to compete for business in the new issues market, which should lead to further reductions in expenses.

Securities houses could underwrite issues, on competitive terms, bearing the risks themselves without arranging for sub-underwriting by the investing institutions. And they were increasingly likely to go one step further and carry out bought deals, common in the US, in which the securities house buys the whole issue from the company before placing it with investors.

Another possibility was the use of shelf-issue techniques, also a feature of the US market, in which well-established companies were able to pre-register securities which they expected to be issued within a certain period. An issue could then be bought off the shelf and sold within a matter of hours.

The Bank noted that the costs of an underwritten rights issue in Britain were broadly similar to the costs of a shelf-issue, which could be arranged using a bought deal, in the US.

"It is notable that the US houses, for a fee which is only modestly larger than the total fees paid to the UK financial community (for underwriting and sub-underwriting), bear substantially more risk," the Bank said.

"They take the whole issue on to their own book and are prepared to price the issue very close to the market."

Pension fund assets rise

THE ASSETS of private pension funds increased 30 times between 1962 and 1984 while those of life assurance companies rose 14 times, according to the bulletin.

The growth of pension fund assets has been stimulated partly by favourable tax treatment and partly by changes in the relationship between state and private pension provisions.

At times of formal incomes policies, pension benefits became an important focus of collective bargaining. The growth of life assurance business as a vehicle for long-term saving was boosted because of the threat of inflation to traditional life contracts and competitions from, for example, building societies.

The composition of life assurance and pension fund portfolios has changed significantly. At the end of 1962, gilts were more heavily represented than other forms of fixed-interest security. The long-term trends in both kinds of portfolio have been away from fixed-interest securities and an increase in the proportions of equities, property and overseas assets.

The Bank said the rapid increase in investment overseas from 1979 suggested that exchange controls abolished in that year had acted as a constraint on fund managers. The flow overseas also reflected the strength of sterling during the period.

Thatcher endorses vision of average £100,000 family

BY PETER RIDDELL, POLITICAL EDITOR

MRS MARGARET THATCHER, Prime Minister, last night endorsed a vision of British society in which the average family would be worth £100,000.

In a speech to the Manchester Chamber of Commerce at the start of a one-and-a-half-day tour of the north-west of England, she stressed her goal of "a nation of independence and enterprise."

Mrs Thatcher highlighted privatisation and wider share ownership: "people who own shares, not through a pension fund or an insurance company, but directly, on their own account, watching the stock market, receiving company reports, learning to understand and appreciate the problems and possibilities of business."

She also referred to the more than 1m people in employee share schemes, the two thirds of the population owning their own homes, the more than 11m people with occupational pensions, an increase of almost a half since 1979 in the number of self-employed people.

Mrs Thatcher said she had read recently "of one man's vision of wider property ownership, of a society in which the average British family would be worth £100,000. It looks a target out of our reach – but then so would widespread home ownership and share ownership have seemed to our parents."

Mrs Thatcher also warned of the dangers of protectionism. She said that "internationally, particularly in the US, the pressures are as great as I have ever known. Were they to be allowed to succeed, the results could be devastating, as indeed they were in the 1930s.

"Protection for one industry is often followed by retaliation by another; one factory may gain in the short term, but its neighbour finds its markets suddenly closed."

Mrs Thatcher stressed the efforts within the EEC to remove hidden protection while also emphasising that fair trade must be a two-way business.

The Prime Minister said that was why the Government was so anxious "to begin a new round of tariff discussions within the General Agreement on Tariffs and Trade and why the European Community acting together has decided to begin a test case against Japan.

"We need also to persuade some of the newly industrialised countries to open up their markets and to respect our patents and trade marks."

Profits up nearly 25% at Harvard Securities

By Barry Riley

HARVARD SECURITIES, Britain's biggest over-the-counter (OTC) securites market making group, reported pre-tax profits nearly a quarter higher at £1.91m yesterday.

It admitted, however, that it was still having problems gaining the authorisation which would eventually be necessary under the Financial Services Act.

Applications to join the stock exchange, as an external member, and Fimbra (the Financial Intermediaries, Managers and Brokers Regulatory Association) have been filed for several months, but both bodies are understood to be deferring decisions.

Harvard's shares are traded only over-the-counter in the UK, but they are traded in ADR form on the Nasdaq National Market System in the US, and Mr Tom Wilmot, the chairman, said that the company was discussing a listing on the New York Stock Exchange in association with a planned fund-raising through an issue of convertible stock.

Turnover rose from £59.4m to £81.2m in the year to September 30. The effect of a change in valuation policy has been to reduce 1985 profits by £192,000 and include holding profits of £545,000 in the latest year.

The customer base is now said to include 140,000 private clients. OTC dealings are now running at below 30 per cent of overall dealings, but Harvard emphasises that it still has a major commitment to the financing of small companies.

Mr Wilmot said that Harvard wanted to become active in the stock exchange's planned Third Market in the shares of small companies. It has applied for external membership of the stock exchange. If successful, it would complete the purchase of an unnamed London Stock Exchange member firm for which it had made a conditional takeover offer.

In any case, said Mr Wilmot, rapid expansion was under way. Harvard was training some 40 new dealers and aimed to achieve turnover of £200m in the present year.

Regulatory problems, however, continue to cast a shadow over the progress of Harvard.

Cadbury finance chief to join Beecham Group

BY TERRY DODSWORTH

BEECHAM GROUP, the UK pharmaceuticals and consumer foods company, has ended its seven-month search for a finance director with the appointment of Mr Hugh Collum, finance director of the Cadbury Schweppes confectionery and soft drinks group since 1983.

Mr Collum, who is 46, will join Beecham at the beginning of next year. His arrival will bring to an end the sweeping management reorganisation precipitated by the boardroom coup which removed Sir Robert Halstead from the chairmanship just a year ago.

At Cadbury Mr Collum has been closely associated with strategic moves in the development of the business over the last three years. It is felt that he will perform a similar function at Beecham, a company which operates with a decentralised management organisation. He replaces Mr Ted Bond, who gave up the post of finance director to become chairman of Beecham's home improvements and cosmetics division.

At group headquarters, Mr Collum will work with Mr Robert Bauman, the former chairman of Textron of the US, who became executive chairman of Beecham at the beginning of August, and Mr John Robb, who was appointed as managing director in April last year.

Ex-Rumasa chief faces $66m bill after High Court ruling

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A BILL for more than $66m faces Mr José Maria Ruiz Mateos, founder and former head of Rumasa, the expropriated Spanish conglomerate, after a judgment in the High Court in London yesterday.

The court ruled that the Multinvest group of companies set up by Mr Mateos in the UK and elsewhere, with money from banks in the Rumasa group was legally owned by Rumasa.

Mr Justice Peter Gibson ordered Mr Mateos to pay a Rumasa bank $65.8m compensation and interest for his breach of fiduciary duty. Mr Mateos was also ordered to pay Rumasa's costs, estimated at around $700,000.

The ruling was made in the second major legal action taken in the UK by the new Spanish state management of Rumasa, which was expropriated in February 1983.

Last year the court ruled that Williams and Humbert, an English subsidiary of Rumasa, was the legal owner of the trade marks in Dry Sack sherry, valued at £25m. The court then held that the trade marks had been unlawfully transferred to a Channel Island company owned by Mr Mateos and members of his family.

Mr Mateos, whose defence to the Multinvest action was struck out early in the hearing because of his failure to obey court orders to produce documents, is on bail in Spain awaiting trial on charges arising from his conduct of Rumasa's affairs before the expropriation.

In a 100-page judgment handed down yesterday, Mr Justice Peter Gibson said that, on Mr Mateos's authority, 23 loans had been made by Rumasa banks to Multinvest group companies, via other non-Spanish companies set up solely as conduits for the loans.

In no case had the proper precautions which any commercial bank would take – such as obtaining security and making inquiries as to the creditworthiness of the borrowers – been taken.

Forgeries had been widely used in an attempt to make the banking files more impressive in case they were inspected by the Spanish monetary authorities, the judge said.

After the expropriation and the start of the litigation, many of the Multinvest companies were found to be valueless. The judge said that he suspected that Mr Mateos's intention in setting up Multinvest had been that, by creating a group of companies outside Spain, under a foreign holding company whose shares were held outside Spain to his order, he would be in a good position to "walk away" with the shares if, as he feared, Rumasa were expropriated.

It was abundantly clear, the judge said, that Mr Mateos alone had the authority to cause the loans to be made and, as president of Rumasa, had been able to ensure that his will was carried out.

British Telecom will shed jobs

BY DAVID THOMAS

BRITISH TELECOM is due to shed between 5,000 and 6,000 jobs a year for the next few years, the company disclosed yesterday.

It appears likely that the rate of job loss in BT will speed up after that although the company would not be drawn on this.

BT's workforce fell by 2,800 in the six months to the end of September, the first half of BT's financial year, and the company expects a similar job loss in the second half.

Mr Graeme Odgers, BT deputy chairman, said yesterday: "We can continue to expect that rate of decline for the next two to three years."

The number of workers in BT's core business, its network operations, is now 221,000. BT's total workforce throughout all its operations is 237,000.

The company says it can shed up to 6,000 jobs a year through efficiency gains which do not allow for changes in technology.

BT is in the middle of a modernisation programme including the introduction of digital exchanges and of fibre optic transmission, and the computerisation of its customer services. This modernisation programme will be largely complete in about four years.

Some observers believe that will allow BT to speed up its rate of job loss because BT appears to be overmanned compared with foreign telephone companies of similar size.

However, BT stressed yesterday that telephone traffic was continuing to grow rapidly, which could reduce the need for job losses.

It added: "Exactly how far and how fast changes in technology will add further opportunities for changes in manpower is not something we would want to predict."

US software group picks London for European HQ

BY TERRY DODSWORTH

ANSA SOFTWARE, the rapidly-expanding US software company, is to establish a European distribution network with international sales headquarters in London.

Ansa, backed by Mr Ben Rosen, a leading personality in the US high-technology venture capital business, has expanded rapidly since launching its first product just over a year ago. It expects to generate turnover of about $8m (£5.6m) this year and should just about break even.

"This is already the fastest-growing new software group to have established itself since Lotus," said Mr Rosen. Lotus came to prominence through its spreadsheet program for financial management and backed by Mr Rosen's venture capital organisation, Sevin Rosen Management.

Sevin Rosen has also provided funds for the Compaq computer group, the manufacturer of IBM-compatible personal computers which plans to begin European production in Scotland.

Mr Rosen is chairman of Compaq, which had sales of $500m in its fourth year of operation.

Ansa's latest product, called Paradox, is a software program aimed at making databases easily accessible to desktop users. Applications include tracking sales and commission records, customer files, address lists and inventories.

These sort of database applications are typically run on large mainframe computers and require complex programing. Ansa claims that its program is easy to use and will be able to reach a larger market in both big companies and small businesses.

Mr Ronald Posner, who has just joined Ansa as president from Ashton-Tate, the market leader in computer programs for database management, says the group aims to generate 25 per cent of is sales overseas by the end of next year.

CBI chief to become director of CEGB

By Maurice Samuelson

SIR TERENCE BECKETT, director general of the Confederation of British Industry, is to join the Central Electricity Generating Board as a non-executive director.

His three-year appointment, *approved yesterday by Mr* Peter Walker, the Energy Secretary, will help the CEGB put its case for nuclear power if the Government allows it to build the proposed pressurised water reactor station at Sizewell, Suffolk.

As head of the CBI, he has argued for nuclear power as vital to bring down industry's electricity costs.

He told an Electricity Council conference two weeks ago: "Nuclear energy is cheaper than that derived from coal and oil." It would also reduce the present four-fifths dependence of coal.

Population rise last year highest for 10 years

BY RICHARD EVANS

MORE PEOPLE have come to live in the UK since 1963 than have left, according to the latest population statistics, which show that last year's population rise was the largest for more than two years.

The main change has been a drop in the number of people leaving the UK, now running at 174,000 a year, whereas 20 years ago the total was more than 300,000.

On the other hand, numbers coming to the UK which include those returning from a period abroad, have been stable at about 200,000 for several years. In 1985, however, they rose to 232,000 and consequently there was an especially large gain from migration. The net inflow last year of 59,000 was the highest on record.

The resident population in the UK was estimated at 56.6m last year and the increase over the year of 130,000 was the largest for more than 10 years.

In the 12 months to mid-1985 the regional pattern of population change in England and Wales was broadly similar to previous years. The strongest growth was in East Anglia, the south-west, the south-east (excluding Greater London) and the East Midlands, while the populations of the north, north-west and Yorkshire and Humberside continued to decline.

The populations of the West Midlands, Wales and Greater London all rose slightly and in the case of Greater London it was the second consecutive small annual increase.

The size of the net population increase is largely due to the annual increase in the non-white population of about 90,000 a year. The non-white population in Great Britain in 1985 was about 2.4m or 4.4 per cent of the total. The corresponding estimate for 1981 was 2.1m.

Population Trends; Office of Population Censues and Surveys. HMSO, £5.

Financial Times in Docklands move

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE migration of national newspapers eastwards from central London is continuing with the decision, announced yesterday, of the Financial Times to spend £20.85m on a site and new building for a printing centre in London Docklands.

The site is in the East India Dock area just east of the northern approach to the Blackwall Tunnel under the Thames. It was found for the newspaper by Goddard and Smith, the agents and surveyors, and purchased from the London Docklands Development Corporation.

Newspapers have been attracted to the Docklands region partly because of its enterprise zone status. Companies establishing plants in the zone are entitled not only to grants and loans, but also to 100 per cent capital allowances against tax and a rates holiday until 1992.

The effect of these concessions is to reduce the cost to the Financial Times of the site and building to £15.4m.

So far, News International, The Daily Telegraph, The Guardian and Mail newspapers have made, or are soon to make, moves to transfer all or part of their operations to Docklands.

Construction of the new Financial Times centre will start early next year and first printing of newspapers at the new centre is planned for July 1988. At present the British edition of the newspaper is printed at the FT headquarters in the City of London.

The chief architectural characteristic of the new printing centre will be a glass wall along the printing hall that will permit a view to travellers on the A13, one of the main access roads to London, of a 100-metre line of presses in action.

Profits nearly at Harv Securiti

By Barry Riley

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Docklands

THE ARTS

Company Notices

NOTICE OF REDEMPTION

BAXTER/TRAVENOL INTERNATIONAL CAPITAL CORPORATION

Bearer Depositary Receipts for Convertible Preferred Stock, First Series, $1 par value

The right to direct the Depositary not to convert the Preferred Stock evidenced by Receipts into Common Stock will terminate at the close of business on the day prior to Friday, December 19, 1986

Notice is hereby given that, pursuant to the provisions of Article Four, Subsections 3.22 and 3.24 of the Certificate of Incorporation (the "Certificate") of Baxter/Travenol International Capital Corporation (the "Company"), the Company has elected to redeem and will redeem on Friday, December 19, 1986 (the "Redemption Date"), all of the outstanding shares of Convertible Preferred Stock, First Series, $1 par value (the "Preferred Stock") of the Company. ...

NAMES AND ADDRESSES OF AGENTS

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, 30 West Broadway, New York, New York 10015, USA

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, 14 Place Vendôme, 75001 Paris, France

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Avenue des Arts 35, B-1040 Brussels, Belgium

BANK MEES & HOPE NV, PO Box 293, Amsterdam, The Netherlands

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Frankfurt am Main, Mainzer Landstrasse 46, 6000 Frankfurt am Main, West Germany

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Corso Venezia, 54, 20121 Milan, Italy

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Morgan House, 1 Angel Court, PO Box 161, London EC2R 7AE, England

KREDIETBANK SA LUXEMBOURGEOISE, Boîte Postale 1108, Boulevard Royal 43, Luxembourg (Grand Duchy of Luxembourg)

Failure to surrender a Receipt to an Agent prior to the close of business on the day prior to the Redemption Date accompanied by written instructions of the holder of such Receipt not to convert such Preferred Stock will automatically result in such Preferred Stock being converted. ...

BAXTER/TRAVENOL INTERNATIONAL CAPITAL CORPORATION

For further information, please contact Morgan Guaranty Trust Company of New York, Brussels Office, acting as Depositary

De Beers Consolidated Mines Limited

Incorporated in the Republic of South Africa

Registration No 11/00007/06

NOTICE TO HOLDERS OF PREFERENCE SHARE WARRANTS TO BEARER

PAYMENT OF COUPON NO. 155

With reference to the notice of declaration of dividend advertised in the Press on 27th November, 1986, the following information is published for holders of share warrants to bearer. ...

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED, London Secretaries

London Office: 40 Holborn Viaduct, London EC1P 1AJ. 11th December, 1986

De Beers

Arts Week

F	S	Su	M	Tu	W	Th
12	13	14	15	16	17	18

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: Der Barbier von Sevilla has fine interpretations by Catherine Gayer, Kaja Borris, Rüdiger Wohlers and Manfred Röhrl. Der Troubadour, sung in Italian is a Herbert von Karajan production. Hänsel und Gretel brings Karan Armstrong, Barbara Scherler and Godrun Sieber together (34 381).

Hamburg, Staatsoper: Hänsel und Gretel features Hildegard Hartwig, Lisbeth Balslev and Yoko Kawahara. Turandot stars Eva Marton, Rachel Josefson, Harald Stamm and Giorgio Lamberti. Also Il trovatore with Awilda Verdejo, Lando Bartolini and Piero Cappuccilli. (35 11 51).

Frankfurt, Opera: Der Zigeunerbaron is conducted by Volkmar Olbrich. Orpheus in der Unterwelt has Nikos Athinäos and Sharon Markovich in the main parts. Siegfried is led by William Cochran, Catarina Ligendza, Cornelia Berger (25 621).

Cologne, Opera: Die Zauberflöte, with Heeseon Kwon, Nadine Secunde, Hänsel und Gretel is a well done repertoire performance (20 761).

Stuttgart, Württembergisches Staatstheater: The new Alceste has Dunja Vejzovic (instead of Jessye Norman), Jon Garrison, Michael Ebbecke, Uwe Heilmann and Tero Hannula. Jenufa, Grace Hoffman, Eva Randova, Gabriele Benackova-Cap and Manfred Jung. (2 03 21).

PARIS

Romeo and Juliette performed by the Ballet de Tours with Jean Christophe Maillot. Théâtre de la Ville (4887 5442).

LONDON

Royal Opera, Covent Garden: Samson, a Händel oratorio produced by Elijah Moshinsky for the Händel centenary celebrations, returns with a properly style-conscious Händel conductor, Roger Norrington, and a good cast – Robert Tear in the title role, Carol Vaness, Donald McIntyre, Gwynne Howell. Last performances of the limpingly dull Zauberflöte revival, with Peter Schneider the dry conductor and an ill-assorted cast, in which only Karita Mattila's Pamina makes much impression. (240 1066).

English National Opera, Coliseum: The new Carmen, set in a modern rubbish-dump environment, offers a mostly rubbishy as well as a deadly dull view of the work. Also in repertory: the bright and quite gripping updated productions of Cav and Pag, with Jane Eaglen particularly effective in the Mascagni opera; and the ENO's perennial Pinafore, led this time by two of the company's most delightful sopranos, Valerie Masterson (Rosalinde) and Lillian Watson (Adele). (836 3161).

Sadler's Wells Theatre: the Menotti double bill of The Boy Who Grew Too Fast and Amahl and the Night Visitors is put on (by the Royal Opera and Sadler's Wells) to celebrate the composer's 75th birthday. Menotti is the producer, and David Syrus the conductor. (278 8916).

ITALY

Milan: Teatro alla Scala: Nabucco, chosen by conductor Riccardo Muti to open his first season as musical director. It is the opera with which the Scala re-opened in 1946, after severe bombing. In the cast are Ghena Dimitrova, Renato Bruson, Paata Burchuladze and Giorgio Zancanaro. The Magic Flute conducted by Adam Fischer and directed by John Cox with scenery and costumes by David Hockney. (80 91 26).

Rome: Teatro dell'Opera: A group of ballets by Roland Petit under the title Ma Pavlova to Chopin, Bach and Saint-Saens danced by the Teatro dell'Opera company with Dominique Khalfouni, Denys Ganio, Jean-Pierre Aviotte and Jean-Charles Verchere, conducted by Alberto Ventura. ...

Bologna: Teatro Comunale: La Traviata, with the young Italian soprano, Fiamma Izzo d'Amico as Violetta (alternating with Jenny Drivala) and the American tenor, Neil Wilson as Alfredo. Richard Chailly conducts. (222 999).

Florence: Teatro Communale: Elektra (sung in German), conducted by Voldemar Nelsson and directed by August Everding. The cast includes Ute Vintzing (Elektra), Mignon Dunn (Klytamnestra), Johanna Meier (Crysothemis), Hermann Winkler (Aegisth) and Hans Sotin (Orest). (277 9236).

Trieste: Teatro Communale Giuseppe Verdi: Gustav Kuhn conducting his production of The Flying Dutchman with Elisabeth Connell (alternating with Sigune von Osten). (83 19 48).

NEW YORK

Metropolitan Opera (Opera House): The week features the first seasonal performance of La Bohème conducted by Julius Rudel in Franco Zeffirelli's production with Leona Mitchell, Barbara Daniels and Brian Schexnayder. It joins the repertoire of Fidelio conducted by Klaus Tennstedt in Otto Schenk's production with Hildegard Behrens and Robert Schunk; Die Fledermaus conducted by Jeffrey Tate with Kiri Te Kanawa, Tatiana Troyanos and Otto Schenk in Otto Schenk's production; and I Puritani conducted by Richard Bonynge in Sandro Sequi's production with Joan Sutherland, Sherrill Milnes and Samuel Ramey. Lincoln Center (362 6000).

Joan Sutherland, appearing at the Metropolitan Opera, New York.

New York City Ballet (New York State Theater): The company's 85th season continues with five weeks of The Nutcracker. Lincoln Center (870 5570).

Next Wave Festival (Brooklyn Academy of Music): Philip Glass and Robert Wilson's collaboration, The Civil Wars, is presented in the festival with the American premiere of Act V, Rome Section). Ends Dec 20. (718 636 4100).

Alvin Ailey American Dance Theater (City Center): Modern dance, jazz, and ballet mix together in a repertory built around spirituals and other American music of different periods. The four-week season will include a world premiere choreographed by Ailey. Ends December 28 (55th St. e of 7th Av.) (581 7907).

WASHINGTON

Washington Opera (Terrace) The second part of the company's season at the Terrace Theatre features Don Pasquale in a new production by Douglas Wager conducted by Cal Stewart Kellogg with Francois Loup in the title role, Pamela South as Norina and Gran Wilson as Ernesto. The 1982 English language production of The Abduction from the Seraglio returns conducted by Arnold Östman with Joyce Guyer as Constanze, David Kuebler as Belmonte and Kenneth Cox as Osmin. Kennedy Center (254 3695).

CHICAGO

Lyric Opera: Lotfi Mansouri's 1981 production of The Merry Widow makes its holiday reappearance conducted by Baldo Podic with Marie Ewing in the title role, Alan Titus as Prince Danilo and Jerry Hadley as Camille de Rossillon. The week includes Janacek's Katya Kabanova sung in English featuring Ellen Shade in the title role with her lover Boris played by Dennis Bailey and oppressive uncle Dikoy by William Wildermann, conducted by Bruno Bartoletti in Virginio Puecher's production. (332 2244).

NETHERLANDS

Eindhoven, Schouwburg. Ravel's L'Heure Espagnole and De Falla's Retablo de Maese Pedro in a double bill from the Netherlands Opera. The Netherlands Philharmonic conducted by Kenneth Montgomery, with soloists Anne Howells, Hein Meens, Laura Lotte Hillebrand. (11 11 22).

The Philobolus Dance Theatre on tour from America: Mon in Enschede, Schouwburg (53 32 55), Wed in Den Bosch, Casino (125 125) Thur in Rotterdam, Zuidplein Theatre (481 56 44).

VIENNA

Staatsoper: Werther conducted by Davis with Baltsa, Carreras, Lind, Weikl; Manon Lescaut conducted by Segerstam with Freni, Hintermeier, Weikl; Don Giovanni conducted by Hager with Gruberova, Alexander, Schuman, Prey; Der Rosenkavalier, conducted by Wallberg, with Jones, Schmidt, Wise; Die Verkaufte Braut conducted by Kout with Jahn, Bohman,Slania (51 444/26 55).

Volksoper: Fra Diavolo; Die Fledermaus; Hänsel und Gretel; Der Wildschütz; Der Mantel and Gianni Schicchi (51 444/26 55).

Exhibitions

WEST GERMANY

Tübingen, Kunsthalle Philosophenweg 76: Toulouse-Lautrec. A retrospective of 130 paintings and picture studies by Henri de Toulouse-Lautrec (1864-1901). Ends March 15.

ITALY

Venice: Palazzo Ducale: China in Venice: Chinese Civilisation from the Han Dynasty to Marco Polo (25-1279 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum. Many result from recent excavation, and most have never been out of China. The exhibition covers the main period of Chinese art, and the objects found in tombs, buried with the owner for his use in the hereafter, shed a fascinating light on life in the period. Ends March 1987.

BRUSSELS

Ingres and Delacroix – Drawings and Watercolours – Palais des Beaux Arts. Ends Dec 21.

NEW YORK

Metropolitan Museum: 90 paintings from the end of Van Gogh's life are the focus of this second of a two-part show of the prolific artist at Saint-Remy and Auvers. The Starry Night and Cypresses come from this period working first in an asylum in Saint-Remy and then in Auvers, where he committed suicide in July 1890. Ends March 22.

NETHERLANDS

Amsterdam Historical Museum. A collection of 19th-century French drawings and watercolours providing a cross-section of the styles and themes of the period, from the veneration of the Napoleonic legend to exotic Orientalism and the Italian picturesque. Ends Jan 4.

PARIS

Esteve: After important exhibitions in Germany, Switzerland and Scandinavia, Paris in turn honours the abstract French artist born in 1904. The retrospective consists of 116 paintings, 50 watercolours, nearly as many drawings, some collages and tapestries and shows Esteve's development. Influenced at first by Cubism and fascinated by Cezanne, he continues obstinately on his own solitary road until he achieves an equilibrium between a rigorous composition and an explosion of colours. Grand Palais, Closed Tue, Ends Jan 12 (4256 0924).

VIENNA

Gold and Power – Spain in the new world: To mark the 500th anniversary of the discovery of the Americas, this huge exhibition of treasures from the Museum of America in Madrid tells the story of the Spanish conquest. The collection, seen for the first time outside Spain, includes ornaments and utensils of indigenous Americans, beautiful Mexican mother of pearl pictures of the blood-and-thunder of the conquest, records of Jesuit missions in Paraguay and stunning gold statues and jewellery from a land mythologised as El Dorado. Vienna is the first stop for this exhibition, which will later travel to Cologne and Budapest. Künstlerhaus. Ends Jan 25.

CHICAGO

Chicago Historical Society: Louis Sullivan, a seminal figure in American architecture, is celebrated in an exhibit in the city he made architecturally famous with newly made models of his buildings along with drawings, sketches and building fragments emphasising his use of ornament. Ends Dec 31.

TOKYO

El Greco: 30 oil paintings, part of the Masuhasta collection. National Museum of Western Art, Ueno Park, one of Tokyo's few large parks. Several national museums and Tokyo's main concert hall (Tokyo Bunka Kaikan) are in the vicinity. A day's museum-hopping can be pleasantly divided by refreshment at one of the park restaurants. Ends Dec 14. Closed Mons.

Musee d'Orsay

The Museum of the 19th Century, one of France's prestigious presidential projects, has opened. It is in the heart of cultural Paris, equidistant from the Louvre and the Grand Palais, its ornamental facade running alongside the Seine opposite the Tuileries Gardens.

It took The Act architects and Gae Aulenti six years to meet the unprecedented challenge of turning a vast disused railway station into a modern, functional museum.

While preserving the Belle Epoque building's spectacular central aisle and the outer shell of a glass-roofed vault over its metallic structure, Gae Aulenti used beige-coloured stone within to subdivide space and create rooms in contemporary fashion.

The museum houses paintings, sculptures, objects d'art and photographs from the end of the Romantic period to the beginnings of modern art. The public will be delighted to find again the Impressionist and Postimpressionist collections formerly hung in the Jeu de Paume, albeit split between the ground floor and the third floor.

Here they are counterbalanced by their contemporaries, academic painters who, officially acclaimed at the time, have since been derided for their pomposity.

The sculptures come into their own in the immensity of the nave. There is Bourdelle's heracles archer, Carpeaux's Fontaine de l'Observatoire, Maillol's mediterranee and Rodin's powerful L'Homme qui marche among others.

A surprise: at the end of the hall below glass tiles that can be walked on is a large model of the Opera and its district.

An enchantment: The view of Paris from the terraces. Musee d'Orsay, Entrance 1, Rue de Bellechasse (4549 4814). Closed Mon. Open Tue, Wed, Fri 10.30am-6pm, Sun 9am-6pm, Thur 10.30am-9.45pm.

Magda Hamber

Theatre

NETHERLANDS

Amsterdam, Bellevue Theatre. English-Speaking Theatre of Amsterdam in Michael Frayn's Benefactors directed by Jill Shand (Tue to Thur). (247 268).

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffraff. (836 6111, CC 836 1171).

Misalliance (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

Lend Me a Tenor (Globe): Ian Talbot leads the new cast in Ken Ludwig's fizzing comedy about backstage tribulations in Cleveland, Ohio, during a doomed 1932 tour of Verdi's Otello. A blight at the opera. (437 1592, CC 379 6433).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

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Music

ITALY

Milan: Teatro alla Scala: Mezzosoprano Teresa Berganza accompanied by Juan Parejo (Mon). (80.91.26).

Rome: Auditorium in via della Conciliazione: Gert Albrecht conducting the soprano Beatrice Haldas and mezzosoprano Ute Walther in Hindemith's Sancta Susanna. (Mon and Tue). (6541044).

Rome: Chiesa di Sant'Egnese in Agone (Piazza Navona): Gonfalone Chamber Orchestra. Mozart conducted by Massimo Paris (Thur).

NETHERLANDS

Amsterdam, Concertgebouw. Handel's Messiah performed by the Dutch Handel Society and soloists, with the Netherlands Philharmonic conducted by Jack Loorij (Tue). Bernard Haitink conducting the Concertgebouw Orchestra, with Jard van Nes, mezzo: Debussy, Flothuis, Beethoven (Wed, Thur). Recital Hall: Dutch chamber music recital (Mon). The Hagen Quartet: Mozart, Bartok, Beethoven (Wed). The Netherlands Philharmonic Chamber Ensemble led by Istvan Párkányi, violin, with Nancy Argenta, soprano: Corelli, Bach, Vivaldi (Thur). (718345).

Rotterdam, De Doelen. Christmas concert with massed choral voices led by the Credo Singers, with Addy de Jong, organ (Mon). Choral concert by Deo Cantemus and Song of Praise conducted by Arie Pronk (Tue, Wed). James Colon conducting the Rotterdam Philharmonic, with choir and soloists: Verdi Requiem (Thur). Recital Hall: Mark Lubotsky, violin, and Boris Berman, piano: Beethoven (Wed). (4142911).

Utrecht, Vredenburg. Recital Hall: The Frazák Quartet: Ridder, Martinu, Schumann (Thu). (314544).

The Hague, Congresgebouw. The Hague Philharmonic under Kent Nagano, with Jean-Claude van den Eijnden, piano. Haydn, Shostakovich (Thur). (548800).

Zwolle, Odeon. Emma Kirkby, soprano, and Anthony Rooley, lute: Monteverdi, Dowland, Purcell (Thur). (216500).

PARIS

Rene Kollo, tenor. Irwin Gage, piano: Schumann, Brahms (Mon). Théâtre de l'Athénée. (4742 6727).

Paris Opéra soloists, Pierre Doukan violin solo: Roussel, Bach, Boccherini, Mozart (Mon). Opéra Comique (4296 0611).

Françoise Thinat, Jacques Bernier, pianos, Michel Gasteau, Laurent Coulbois, percussions: Débussy, Berio, Bartok (Mon). Salle Gaveau (456 32030).

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GUS THE GREAT UNIVERSAL STORES P.L.C.

Comparative Consolidated Profits

(unaudited)

	Half year ended 30 September 1986 £m	1985 £m
Turnover (excluding VAT)— Outside Group	1,118.2	1,045.5
Profit before taxation from trading activities	132.5	114.9
Realised property profits (less related costs)	1.9	0.4
	134.4	115.3
Taxation [1986 estimated effective rate for year 1985 actual rate for year]	46.5	43.0
Profit after taxation	87.9	72.3
Minority interests and preference dividends	0.1	0.1
Profit after taxation attributable to the ordinary stockholders	87.8	72.2
Earnings per stock unit:— Excluding property profits	34.4p	28.7p
Including property profits	35.1p	28.8p
Interim dividend declared	8.0p	7.0p

The dividend amounts to £20.0 million (last year £17.5 million) and will be paid on 27th March 1987 to ordinary stockholders on the Register at the close of business on 20th February 1987.

TURNOVER AND PROFIT

(a) The comparison of turnover between the two half years needs to be seen in the light of changes in the composition of the grou pas a result of the transactions with Harris Queensway and Combined English Stores (in respect of Times Furnishing/Home Charm and Paige Fashion Group).
The amount included in turnover for these companies was £46m in 1986 and £114m in 1985.

(b) The contribution of the group's activities to profit after tax, excluding realised property profits, is:

	1986 %	1985 %
United Kingdom and overseas catalogue operations and related services	51.0	49.2
United Kingdom and overseas shops and rental income arising from retailing associates	10.5	12.2
Finance and business information services, property rentals and investment income	33.6	33.3
Export and manufacturing	4.9	5.3
	100.0	100.0

(c) The proportion of profit after tax, excluding realised property profits by geographical area is:

	1986 %	1985 %
United Kingdom	77.1	75.4
Western Europe	6.8	5.7
North America	10.3	12.5
Africa	2.7	3.1
Far East and Australia	3.1	3.3
	100.0	100.0

Trading Review

The catalogue division showed a satisfactory improvement over last year, both in the UK and overseas.
The financial, property and business information services division continued to make progress and is expanding its range of consumer and business information services both at home and overseas.

Burberrys profits from the growing products and export division improved and it is planned to open further overseas retail outlets. Burberrys retail results were affected in the U.K. by the number of overseas visitors compared with the exceptionally high level in the previous year.

Associated Companies

The 1986 profits include those of Times and Home Charm for the four month period to the end of July 1986. No share of profit in respect of the group's 23% holding in Harris Queensway has been included at this stage in the 1986 figures; the six months figures of Harris Queensway to 31st January 1987 will be included in our accounts for the year ending 31st March 1987.

Currencies

Profits before tax of the overseas subsidiaries for the current half year were worth £2.4m more in terms of conversion into sterling as compared with the rates prevailing at 31st March 1986.

11th December 1986

Company Notices

GOLD FIELDS COAL LIMITED

(Formerly The Clydesdale (Transvaal) Collieries Limited)
(Incorporated in the Republic of South Africa)
(Registration No. 01/01124/06)

DECLARATION OF DIVIDEND

Final dividend No. 147 of 50 cents per share has today been declared in South African currency, payable to shareholders registered in the books of the company at the close of business on 24 December 1986.
Warrants will be posted to shareholders on or about 10 February 1987.
Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the company.
Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 24 December 1986 in accordance with the abovementioned conditions.
The register of members of the company will be closed from 25 December 1986 to 2 January 1987, inclusive.

By order of the Board,
per pro CONSOLIDATED GOLD FIELDS PLC,
London Secretaries,
Mrs. G. M. A. Gledhill, Secretary.

London Office:
31 Charles II Street,
St. James's Square,
London, SW1Y 4AG
11 December 1986

United Kingdom Registrar:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London, SW1P 1PL.

A MEMBER OF THE GOLD FIELDS GROUP

EUROPEAN ECONOMIC COMMUNITY
$US 200.000.000
11,5 % 1983/1995

We inform the bondholders that the redemption instalment of $US 20.000.000, nominal due on January 18, 1987 has been satisfied by a drawing on November 25, 1986, in Luxembourg in the presence of an Huissier.

The 2.000 bonds in denomination of $US 10.000 will be reimbursed at par on January 18, 1987, coupon due on January 18, 1988 and following attached, according to the modalities of payment on the bonds.

The numbers of such drawn bonds are as follows:

14.932 to 16.931

The following bonds previously called for redemption have not yet been presented for the payment:

0741	0752-0755	0792	0794
1042-1043	1048	1143-1144	1202-1203
1232	1249-1254		

Amount outstanding after January 18, 1987:
$US 160.000.000,-

THE PRINCIPAL PAYING AGENT,
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG

Cinema/Nigel Andrews

Aping ducks and chimps

Howard... A New Breed of Hero directed by Willard Huyck
Link directed by Richard Franklin
Crocodile Dundee directed by Peter Faiman
Harem directed by Arthur Joffe

This week we have a homicidal chimpanzee, an extra-terrestrial duck and a man who *consorts with reptiles*. It is an old and sound actors' adage that one should never appear with animals or children. The likelihood in both cases is that you will be upscreened by the little perishers, who since they have no idea of how to behave before a camera are often much more interesting and unpredictable than those who do.

The cinema has attempted to solve this problem recently, at least with animals, by making sure the animals we see (at least those in main roles) are not *played* by animals. State-of-the-art make-up and prosthetics means that any human being can now be made to resemble any non-human being. He or she can be a wolf (*Company of Wolves*), a rat (*Ratboy*), a fly (*The Fly*), a space lizard (*Enemy mine*) or any number of aliens friendly (*ET*) or unfriendly (*Aliens*.

The problem is that when the impersonations go wrong, they can go dreadfully wrong. An actor playing an interplanetary duck, for instance, needs more help than he gets in *Howard . . . A New Breed of Hero*. This mega-buck comic fantasy has been re-titled after the resounding flop it experienced in America under its first title *Howard the Duck*. You see evidence of this revision in the Press hand-out where — like the scratched-out names of disgraced potentates on Egyptian tombs — the new title has been squeezed into the space left by the erasure of the old.

"Howard," played in relay by *seven different actors inside* a duck's head, is an alien waterfowl laser-beamed into Cleveland, Ohio, after a scientific accident. Once landed on earth, he has to enjoy a series of adventures *involving a persecuted* girl rock-singer (Lea Thompson) and a scientist possessed by evil spirits (Jeffrey Jones): only then will he be able to negotiate his return home. Throughout the mayhem of the action — chases, fights, explosions — he preserves his irritating quip-a-minute *sang froid* and his even more irritating resemblance to an *animated* snowball *wearing* a rubber beak.

George Lucas of *Star Wars* executive-produced this awesome folly, which cost around $40m and in terms of fiscal misadventure will probably give *Heaven's Gate* a run for its missing millions. The sophisticated tone of the project is set early on by its array of puns. Our hero reads "Playduck" magazine and has a wallet bursting with credit cards like "Mallardcard" and "Bloomingducks". The problem is that these are the *funniest* things in the film. Thereafter slapstick, mass destruction and Special Effects take over, plus over-acting by every human in sight. As for Howard, he has less charm than that fretting, steaming duck we see paddling to and from the wicket in the current Aussie test series. Now there is a *real* star in the making.

More animals to come. In *Link* Professor Terence Stamp explains to his class of university students that the ape is man's closest evolutionary relative (as opposed to the duck) and that the only thing separating man from the ape is, no, not hair, paws and long arms, but—yes, you there, young lady, in the front row?—quite right, "civilisation."

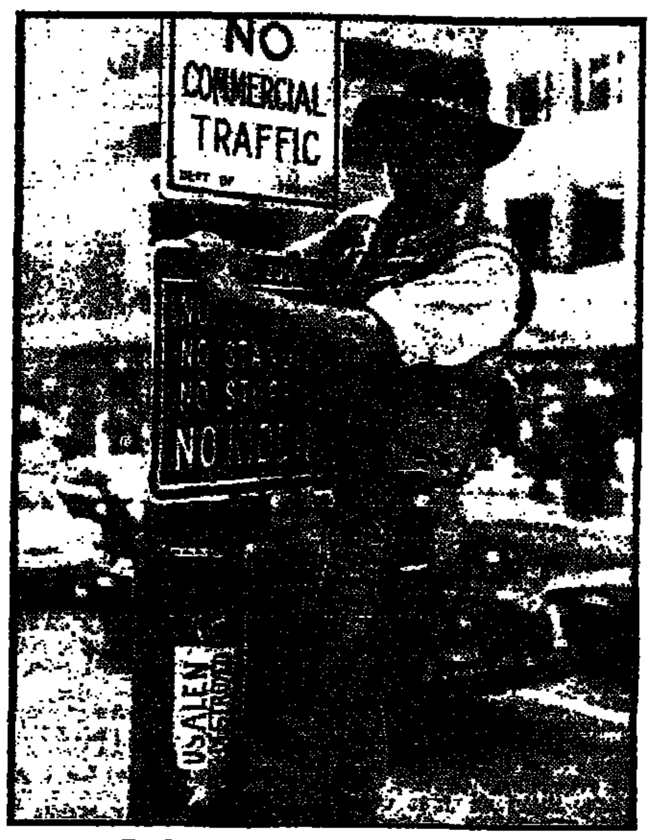
The professor would seem to have stumbled on this startling breakthrough during research conducted in his neo-Gothic English mansion on a cliff overlooking a roaring sea. Here he works with his apes, helped by the promising young lady undergraduate we have just met (Elizabeth Shue) who becomes his assistant and housekeeper. One day the professor disappears. Has he been murdered by Link, the chimp who wears *butler's clothing*, *smokes* cigars and answers the door? It surely must be so. If it *is*, then Miss Shue herself is in danger and must try to escape. For the apes are revolting, and Link is the most revolting of all.

So she does try to escape. And the audience knows how she feels as she flails at locked doors or seeks out secret passages, *for* they themselves are longingly eyeing the exits. The film lasts 107 minutes and feels like an eternity. Everett Roche scripted, Richard Franklin (of *Psycho 2*) directed.

★

After all this, it is a relief to escape to *Crocodile Dundee*. The only animals here are dead or stuffed. Mr Dundee (Paul Hogan) is an Australian amphibian-hunter and safari guide who likes to tell tall stories. He especially likes to tell tall stories to the blonde American reporter (Linda Kozlowski) who interviews him during a trek through the bush. Soon she gets her own back by taking him to the land of tall storeys: namely New York. Here the hero of the outback is initially bewildered by the sky-scraping landscape, the floor-scraping courtesies of waiters and doormen, and the profusion of mod cons. (The bidet is an especial puzzle.) However, he soon takes to it all—felling a mugger with the boomerang throw of a baseball, saying 'Good day' to New Yorkers in the street, for whom a stranger's greeting is as startling as an assassin's bullet—and the city soon takes to him.

Paul Hogan is the amiable leather-face from Down Under who advertises a well-known amber fluid on TV. Not even in his wildest, lager-fuelled day-dreams could he have fostered thoughts of his debut feature's international success. In America *Crocodile Dundee* has done a *reverse Howard The Duck*. Instead of costing a fortune and belly-flopping at the box office, it cost almost nothing and has already racked up $100m after topping the charts for most of the autumn.



Paul Hogan in "Crocodile Dundee"

The message from filmgoers is clear. Better a good-hearted entertainment with no production frills than a multi-million-dollar Moloch with no heart and no discernible mind either. *Crocodile Dundee* is not, in truth, all *that* funny nor all that original. (Most of the jokes about noble savages in the big city were in Herzog's *Where the Green Ants Dream.*) But the vote for the movie is a vote for human beings in a screen age elsewhere engulfed by ducks, chimps, puppets or aliens, and a vote for the "special effects" of a credible hero at large in a credibly unnerving environment.

★

In Arthur Joffe's Harem we have no animals and no special effects, but I am not sure we have any human beings either. Will kidnapped New Yorker Nastassja Kinski adapt to life as concubine to oil sheikh Ben Kingsley? Is Kingsley's interest in her more true love than base appetite? Will she try to escape?

These two stubbornly lifeless characters are pushed around the chess-board of a slow and circumspect plot, which seems to be intended as a thinking man's Valentino movie. Unfortunately *it is more like a sleeping* man's Valentino movie: shot at a snail's pace in bizarrely washed-out colours with washed-out performances to match. Not that the dialogue provides many colours to work with, being written mainly in the sandblown-enigmatic style. Mr Kingsley says he was sent 400 scripts after winning his *Gandhi* Oscar and accepted only four, of which this was one. I think he should take a serious look at the other 396.

New York opera and Off-Broadway theatre

L'éloge des vieux continues

VIRGIL THOMSON was 90 last month. Amid many other celebrations, the Opera Ensemble of New York staged *Four Saints in Three Acts*, in a high-school auditorium. It wasn't well done: simplicity, candour, seriousness of utterance, grace were missing. The producer, John Sheehan, and the conductor, Paul Dunkel, seemed to have no idea what Thomson and Gertrude Stein were up to. There was "amusing" decor by Rouben Ter-Arutunian built from supermarket cans and cartons. Joyce Blackett, the commère, distanced herself from the incantatory text with a non-stop grin. The audience sniggered even at St Ignatius's vision of the Holy Ghost descending. Such fun: a quaint, campy all-black period entertainment. Not a shining vision of holiness rendered—not unwittily or unquirkily—in transfigured American speech and American song.

Why *Four Saints* and *Mother of Us All* are not in the American repertory, I have no idea. *Mother* is one of the great American operas—powerful and moving whenever it is staged. The Met and the City Opera have done neither (though the shortlived "mini-Met" did do *Four Saints* in 1973).

At the Met, *l'éloge des vieux* continues. There was this opera about an old gentleman with a little ginger moustache—old but still spry—picking up a pretty girl at a dance; and later we saw them rolling about in bed together. The Juliet was Cecilia Gasdia, making her Met debut. She was efficient (except in her failure to trill) but rather charmless. Romeo was Alfredo Kraus. His voice is well preserved, though the tone can get a bit bleaty now. He phrases elegantly, and so people call him an artist. But a real artist *engages with those around him*, while Kraus seems to proffer his polished performances in a vacuum. He gave no sign of being in love with Miss Gasdia. That he failed to connect with the others was understandable: cronies and adversaries—Mercutio and Benvolio, Paris and Tybalt—were an oafish bunch. Placido Domingo conducted, attentive to his colleagues, but with none of the grace and liveliness that Sylvain Cambreling brought to Gounod's score last season.

A few days later, a large, lovable lady sailed in from the wings, and though she was singing she couldn't be heard: the house had exploded with ecstatic applause. Dame Joan was celebrating the 25th anniversary of her Met debut. (At Covent Garden she's been singing for nearly 35 years). At last she smiled at us and went back into the wings to make a second entrance. At the age of 60 she still has plenty of power and plenty of agility, though some of the ringing brightness has gone.

The opera . . . well, there wasn't really any opera there, in any serious sense. Even when new, ten years ago, this production of *I puritani* was unworthy. Sandro Sequi, its producer, remarked to the press: "Let's face it, the plot of *puritani* is one of the weakest of all operas; it's a *terrible* opera." Not so—though it's the pacing and the presentation (in stage pictures as well as in sound) of Bellini's score, not the ramshackle libretto, that must make it dramatic. In this Met version, people just wander around, and Richard Bonynge's conducting seems now too fast, now to slow, and seldom convincing.

Salvatore Fisichella, a short Sicilian terror, reaching barely to Dame Joan's shoulder, made a decent Met debut, singing freshly and cleanly. Sherrill Milnes, the Riccardo, was in poor voice but had stage presence. Samuel Ramey, the Giorgio, was in fine voice but so blank a personage that one couldn't keep one's mind on the narrative of "Cinta di fiori." The tickets cost $350.

No one grudges Dame Joan *and her fans their jolly celebration* or the Met its Gala Benefit. But it mustn't be confused with opera.

Andrew Porter

Satirical minstrels and sandy beaches

Joe Papp's main house in the Public Theatre on Lafayette Street, New York, is closed for refurbishment until February, when New Yorkers will get first chance to see the musical originally announced for the National, *The Knife*, by David Hare and Nick Bicât.

Meanwhile, a cabaret sideshow, *The Colored Museum* by George C. Wolfe (Duke Ellington's librettist on *Queenie Pie*), has exploded in a smaller public auditorium like a firecracker. It is nothing less than a compacted history of the American negro presented as an all-out satirical minstrel show; your average white liberal will sit with his heart pounding with joy and only break into laughter and applause when he's worked out how white and how liberal he really is.

The trip is announced by an air hostess instructing all good black passengers to fasten their manacles and think of their future contribution to William Faulkner. The subsequent 10 items manage to both celebrate and excoriate such cliché-ridden areas of black American *experience as cooking*, modelling, soldiering and, above all, entertaining. The turns emerge on a brilliant white trundling revolve, all performed with tremendous voltage in Kenneth Richardson's production, stunningly costumed by Nancy Konrardy.

The clearest delineation of the negro dilemma is contained in "Symbiosis" where a sharp-suited businessman discards in the garbage can all emblems of blackness from his beads, hairstyle and Temptation albums to his conviction and political identity; and, most brilliantly, in "The Last Mama-on-the-couch Play" in which an award-winning ethnic lamentational drama that invokes Lorraine Hansbery is subverted by the equally risible showbiz cul-de-sac of the all black singing and dancing show.

Savagery and sophistication are blended throughout and, despite a tailing off in quality of material over the last fifteen minutes, the performances are unforgettable: Reggie Montgomery as an outrageous camp transvestite and silky model, Tommy Hollis as a frightening avenging token of black military fodder, Vickilyn Reynolds (a young, over-charged version of our own Bertice Reading) as a gospel cook and black hot Mama, Loretta Devine as a fantastical spangled reincarnation of the Josephine Baker syndrome, and Danitra Vance as the bald seconda donna oscillating between talking wig stands and the choice of Afro curls and exploitative sultriness.

The new plays network off Broadway has been strengthened over the past two years by Second Stage, housed above the Promenade at Broadway and 76th Street. Tina Howe, whose talent was proclaimed in *Painting Churches*, has written a touching, well-organised Massachusetts beach idyll, *Coastal Disturbances*, in which several varieties of feminine sensibility gathered around a hunky coastal guard are bathed in the exquisite lighting of Dennis Parichy: bright sand beach murmurs.

A distraught New York-based photographer is unfrozen by the guard who buries her up *to the neck in sand (in act two*, like Beckett's Winnie) and loses her to a ghastly gallery dealer whose arrival and reminiscent familiar *spiel* form the one glaring and badly acted weakness. Other habitués on the private beach are a sexually bored and heavily pregnant friend of Holly's, and a mad, bitter divorcée called Ariel plagued by a precociously masterful, tempestuous son. An old couple remember their anniversary. The mood is lyrical, heightened, threatening.

Carole Rothman's fine production is graced with superb performances from Annette Bening as Holly and Timothy Daly as the guard. I think Miss Howe is wrong to imitate Caryl Churchill's overlapping dia*logue* tricks but *right* to muster her own tangible experience and organisational gifts — the piece might be a little *too* neatly organised — to provide work as acute and touching as some of Michael Weller's plays. No higher compliment could be paid.

Michael Coveney

The Hobbit/Fortune

Martin Hoyle

Malcolm Dixon (left) and Dudley Long

I came late to *The Hobbit*, an undergraduate bemused by the general Tolkien idolatry. It seemed a boring book, uncompelling and lacking narrative urgency. Now, "under licence from Tolkien Enterprises, Berkeley, California," comes the stage version, first seen at the Phoenix, Leicester. In their adaptation, Rony Robinson and Graham Watkins have introduced special effects and visual excitements to enliven the saga for children, but in doing so have made the story unintelligible.

The opening scenes illustrate how grim such shows can be without the audible response of children. The drop curtains (a map, Bilbo's faintly Disney-ish home) look tatty, the wizard's cotton-wool beard surely breaches safety regulations in such proximity to a smoking pipe, the pace is lethargic, the rhythms hesitant, cues slow, and perfunctory business almost grinds to a halt as dwarves carefully position themselves to be hit on the head by trolls in the most unspontaneous knockabout since Lady Macbeth fainted at discovering a murder in her house.

The strengths of Mr Watkins's production lie in Paul Lanham's designs: not merely the attractive, cross-hatched rocky frame to the stage picture, but the often striking costumes. The trolls are ragged zombies with elephant feet, the goblins are black and faceless, horned creatures that gleam with fluorescent green and pink bands. And glowing-eyed Gollum's reptilian appearance is sinisterly complemented by Tessa Crockett's sing-song Midland whine.

Here, however, as elsewhere in the show, words fail to come across. The actors are miked, the elves even miming to a pre-taped song, but the story's thread is utterly lost.

Best, therefore, to enjoy such set pieces as the destruction of the dragon Smaug, all noise, billowing dry ice and darting shapes—the beast itself consisting of separate batwings and head separately manipulated on rods by black-clad puppeteers; especially as neither Malcolm Dixon's Bilbo nor Dudley Long's Gandalf delivers his lines with much conviction.

The cast devotedly peoples the stage with birds, bears and spiders, and—less admirably—dwarves with funny walks and faintly Goon-like voices. Stephanie Nunn provides attractive music (three live players); the lighting seems fixated on centre stage. Though quiet, the children in the audience seemed absorbed. The production would do well to cut down on the romping and opt for a clear story-line; and the theatre management would do even better to provide adequate heating.

Edward Downes/Festival Hall

Max Loppert

The concert of English music that the Royal Philharmonic Society invited Edward Downes and the London Philharmonic to perform on Wednesday contained a single novelty—but that was easily the concert's least interesting feature.

Delius' *American Rhapsody*—an early work, direct ancestor of *Appalachia*—had been unearthed, and was here given its premiere (eight missing bars of score having been completed by the Delius scholar Philip Jones of Keele University). We learn, however, that in later life Delius devoutly desired this and other pieces of juvenilia *not* to be disinterred—so Eric Fenby, the Delius amanuensis, has been reported as insisting. He need not worry: after last night the work will surely return to the deserved neglect in which it previously reposed. A medley of popular American tunes unimaginatively scored and crudely linked, it serves neither to throw light on the mature composer nor to give much pleasure in its own right.

After that, it was on to more substantial business. Nigel Kennedy, whose recording of the Elgar Violin Concerto has been festooned with prizes, gave here a splendid account of it, helped by the LPO's carefully weighted accompaniment. The playing is spectacularly good, for the most part, but it is more than just a show of youthful violin virtuosity. Kennedy has steeped himself in the portamento and vibrato phrasing that makes for proper Elgar style; at moments I sensed a kind of "mechanical nightingale" effect in such detail, and felt that the work's emotional content had not yet been evenly tapped. But the best of Kennedy's performance, the *cadenza accompagnata*, showed that full maturity is not far out of reach.

After the interval Downes conducted Vaughan Williams's last symphony, the Ninth (1958—another RPS premiere). It is a strong, curiously coloured, rather muscular work, and it betrays no sign of old-age tranquility (nor, indeed, of old-age blandness). The modally inflected E minor tonality and the distinctive inclusion of saxophones add an air of *al fresco* timelessness. The Salisbury-plain programmatic references that the composer discarded are nevertheless useful pointers. Extra rehearsal time might have afforded even sharper departmental characterisation, but on the whole it was an authoritative performance. From Downes we expect no less: a pity we now have him so seldom on the London concert platform.

Hagan Quartet/Wigmore Hall

Andrew Clements

The Hagan Quartet from Salzburg won the Portsmouth international string quartet competition in 1982 and made its London debut at the Wigmore Hall soon after. Since then the group has continued to prosper—garnering more prizes and recently picking up an important recording contract with Deutsche Grammophon—but only now returning to Britain.

The players who appeared at the Wigmore Hall on Tuesday may be a good deal more experienced and worldly than they were four years ago but they are still astonishingly young for a quartet of such clear international stature: at 24 the leader, Lukas Hagan, is the eldest, his cellist brother, Clemens, the youngest at 20. But they play with a unanimity and tonal blend which conventionally are associated with many more years' experience.

The immaculate ensemble and *intonation, and a punctilious* attention to dynamics right down to a genuine pianissimo, are only the surface characteristics of their performance. While neither bland nor featureless, their Beethoven suggests that it still requires some maturing. The first Rasumovsky quartet was by no means weighty, and its first movement sped by so effortlessly that there seemed little space for expressive inflection; even the slow movement always moved easily without undue emotional encumbrance. Yet the sense of shape and dramatic pacing were undoubtedly there; because of the concentration the Hagan bring to every bar, their grip upon structure is totally convincing.

That kind of concentration, coupled with absolute fidelity to the markings which qualify every note, gave their account of Schnittke's little Stravinsky memorial canon an intensity well beyond its modest dimensions, and Schubert's D minor quartet, too, began in total control. *Towards the end of the* finale, attention did begin to slip a little; not every phrase was equally sleek and the sense of drama with which the quartet opened had started to dissipate. But a group which can unfold the slow-movement variations with such naturalness, move the music towards its climax so inevitably, and still preserve the limpid purity of their tone is destined, one can confidently predict, for very great things.

Saleroom/Annalena McAfee

A unique 15th century English jewel, unearthed with a metal detector in a Yorkshire field last year, was sold for £1,430,000 at Sotheby's in London yesterday. The jewel, a diamond-shaped gold pendant set with a sapphire, had been expected to fetch up to £300,000 and has set a new record for the highest price paid for any medieval object. The buyer was an anonymous collector. Engraved with representations of the Nativity and Trinity, the jewel contains a cavity which may have been used to contain the Eucharist.

An inquest in Thirsk last year declared that the pendant, known as the Middleham Jewel, was not Treasure Trove. Proceeds from the sale are to be divided between Mr Ted Seaton, who runs a metal detection company, Mudlark, and his two colleagues; the owner of the land Mrs Leonora Peacock; and the tenant, the auctioneer Mr Edmund Tennant.

The jewel was the first lot in Sotheby's afternoon sale of Medieval and later works of Art. In the morning sale, a rare early Christian ivory pyxis—used for holding the Eucharist after consecration—attracted keen interest. Dating from 500 BC, it was carved in relief with representations of Christ's healing miracles. The New York dealer Edward Lubin paid £308,000 for the pyxis, which had been brought in to Sotheby's as a tankard, mounted in 19th century silver.

The morning half of the sale realised a total of £1,810,919 with 9 per cent unsold. A Flemish marble bust, which had been expected to fetch up to £120,000, was bought for £423,500 by the London dealer Adrian Ward Jackson. Attributed to Jan Pieter van Baurscheit the Elder (1669-1728), the bust portrays Francois-Henri de Montmorency, Duke of Luxembourg (1628-1695) in full curled wig and armour swathed in drapery and lace.

Arts Week

Continued from Page 16

Theatre

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

NEW YORK

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

The Mystery of Edwin Drood (Imperial): Rupert Holmes's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

WASHINGTON

The Marriage of Betty & Boo (Arena): Christopher Durang's latest swipe at domestic life and marriage has an autobiographical air as it dissects three generations of a contemporary American family. James C. Nicola directs a cast headed by Casey Biggs, Donna Snow and Thomas Anthony Quinn. Ends Nov 23.

Continued from Page 16

Music

Le Concert Français: Telemann, Bach, Mozart (Wed). Saint-Germain-d'Auxerrois Church. (4324 1518).

Orchestre Colonne conducted by Philippe Entremont with Gidon Kremer, Herbert Pekinel: Beethoven, Mozart, Poulenc, Ravel (Mon), Salle Pleyel. (4561 0630).

Paul Badura-Skoda, piano: Schubert, Mozart (Wed). Salle Gaveau. (4563 2030).

BRUSSELS

Conservatoire Royale: Bernard Lemmens, piano: Bach, Schumann, Liszt, Tchaikovsky (Tue); RTBF Symphony Orchestra conducted by André Vandernoot with Jean Claude Van den Eynden. Liszt (Wed). (511 9427).

VIENNA

Ensemble orchestral de Paris with Paul Badura-Skoda, piano. Haydn, Martin, Beethoven, Debussy. Musikverein (Mon).

Haydn Trio with Erich Hoebarth, violin, Thomas Roebl, viola. Mozart, Eroed, Schumann. Konzerthaus Mozart Saal (Mon).

Neues Wiener Oktett. Mozart, Fürst. Konzerthaus Mozart Saal (Tue).

NEW YORK

Carnegie Hall: After half a season's hiatus for a complete renovation of the hall and entrance to restore its original look and freshness, the season opens with the Orchestra of St Luke's conducted by Michael Tilson Thomas with Marilyn Horne mezzo-soprano performing Mozart, Beethoven (Tue). (247 7800).

The New Bel Canto (Federal Hall): John Kelly performs an "opera povera," using 17th, 18th and 19th-century songs and arias to tell a story of the American War of Independence as part of the lunchtime concert series for the Wall Street area (Mon, 12.15). (Wall & Nassau Sts, 269 0320).

WASHINGTON

Metropolitan Chamber Players (Grand Foyer): Saint-Saëns, Bach, Beethoven, carols (Wed, 5.30). Free performance at Kennedy Center.

Chamber Music Society of Lincoln Center (Concert Hall): Charles Wadsworth director. Schubert, Haydn, Beethoven, Takemitsu (Wed). Kennedy Center. (254 3776).

Choral Arts Society of Washington (Concert Hall): Norman Scribner conducting Annual Christmas music concert (Thur). Kennedy Center. (254 3776).

CHICAGO

Chicago Symphony (Orchestral Hall): Erich Leinsdorf conducting, Nobuko Imai viola. Haas, Bartok, Berlioz (Tue); Erich Leinsdorf conducting, Donald Koss timpani, James Ross percussion, David Schrader organ. Milhaud, Poulenc, Hindemith, Stravinsky, Kodaly (Thur). (435 8111).

LONDON

London Philharmonic conducted by Sir Georg Solti with Andras Schiff, piano. Bartok and Mahler. Royal Festival Hall (Mon). (928 3191).

Academy of St. Martin-in-the-Fields directed by Iona Brown, violin, with William Bennett, flute. Corelli, Bach and Vivaldi. Royal Festival Hall (Tue).

English Chamber Orchestra conducted by Jukka-Pekka Saraste with Maria Joao Pires, piano. Mozart, Chopin and Beethoven. Queen Elizabeth Hall (Tue). (928 3191).

Bach Christmas Oratorio with Academy of London and Choir conducted by Richard Stamp. Queen Elizabeth Hall (Wed).

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The Nimrod decision

BRITAIN'S CHOICE of a new airborne early warning (AEW) system is as controversial as its need for one is uncontroversial. Whether to buy the Nimrod AEW radar built by GEC of Britain or the Awacs system offered by Boeing of the US is shaping up as one of the most politically charged defence procurement decisions a British government has yet had to take.

It should not be so. Politics should as far as possible be stripped away from the technical detail of procurement decision-making. It has not helped that the Labour Party, or at least Mr Denzil Davies, its defence spokesman, has come out unequivocally in favour of Nimrod. Indeed Mr Davies has even suggested that should the Government decision—expected at the end of next week — go in favour of Boeing, a future Labour government might switch the contract back to GEC.

But the issue is more than party political. MPs of all parties have taken up cudgels on GEC's behalf with the cry of protecting British jobs and technology against US encroachment. This is hardly surprising. GEC, the country's largest engineering group, has factories in no fewer than 127 parliamentary constituencies.

The prospect of GEC losing its contract on the Nimrod programme, on which the British taxpayer has been spending an average £100m a year since 1977, became very real last week when a Defence Ministry-led committee of technical experts unanimously recommended the Awacs option. It is impossible for outsiders to second-guess this decision on the relative cost-effectiveness of the two systems based, as it is, on confidential company bids to meet a classified RAF requirement.

Ministers' choice

Evidently, GEC has made great strides since March, when — at the same time as it was faced with competition—it was at last given its head to run the Nimrod AEW programme as unfettered prime contractor. But, in the end, the MoD specialists deemed that Nimrod's technical inferiority to the proven American system was too great to allow GEC's price advantage to be decisive.

The ultimate choice is now for ministers. In making it, they will weigh a variety of politico-economic factors. One is the issue of cost—not the future cost, but the historic cost of nearly £1bn spent on Nimrod AEW development so far. This may give GEC a clear price advantage over Boeing; 11 Nimrod AEW airframes have already been built and paid for, while buying Awacs entails brand new airframes, albeit fewer than 11. The sunk investment should not, however, trap the Government into thinking it must plug on with GEC if the competing offer has a clear edge on other grounds.

A second consideration is jobs. GEC Avionics claims 2,500 jobs depend on Nimrod continuing. This calculation seems to assume Nimrod winning substantial export orders. More notional, however, is Boeing's claim that its 130 per cent offset offer could create 50,000 man-years of work for UK industry. As with any offset arrangement, Boeing would not be able to prove it was providing work that would not be placed in the absence of such an arrangement.

Central issues

The third consideration is the effect that buying Awacs would have on the UK technological base. GEC would drop out of the AEW business. Plessey might drop into it, by benefit of its new radar collaborative agreement with Westinghouse that would be fully triggered if the UK buys Awacs. But would it greatly matter if the UK were left with no AEW capability?

Certainly, AEW systems which require long range, 360-degree coverage, and very complex data processing, are at the most advanced end of radar. But Britain, which invented radar in the 1930s, still has considerable capability in radars for which there is far greater recurrent volume demand than AEW systems.

The possible impact of the decision on Britain's defence industry and through it on the country's technological capability should not be the crucial factor in this case. Ministers have to weigh up for themselves the central issues of cost and technical performance; if those considerations point decisively in the favour of the US option, they should not be afraid to choose it.

US demands on Europe

THE WHIRLWIND European tour by Mr James Baker, US Treasury Secretary, which includes bilateral talks with the finance ministers of West Germany, France, Britain and Italy, seems bound to raise expectations that a new international economic accord of some description is in the offing. Recent bilateral talks between the US Treasury Secretary and Mr Kiichi Miyazawa, the Japanese Finance Minister, paved the way for the yen/dollar stabilisation agreement. The chances of a closer economic understanding between the US and Europe should be greatly enhanced once West Germany's January election is out of the way.

If Mr Baker wants an agreement, he certainly has some strong cards to play. The bilateral accord with Japan ruffled feathers in Europe and has increased the US Treasury's leverage, especially in Bonn. The EEC is also acutely aware that it is in danger of contracting the US disease of a high and rising trade deficit with Japan: the imbalance may reach $20bn by the end of this year. Europe can ill afford an appreciation of the D-mark against the yen; yet this would be almost inevitable if the dollar were to depreciate further in trade weighted terms while holding fast against the yen.

Suspicions confirmed

A stronger card still is the continued threat of US protectionism — a threat which has almost certainly become more acute now that the Senate is in Democratic hands. Mr Baker has highlighted this danger from the day he entered the US Treasury: it underlies the urgency with which he sought the 1985 Plaza agreement on dollar depreciation. The risk is not just of more explicit trade barriers but of a proliferation of fuzzy agreements, such as that between the US and Japan on micro-chips — pacts which, while falling short of outright protectionism, are definitely illiberal.

In the US eyes, the slowness of the US trade deficit to respond to dollar depreciation (the third quarter shortfall was a record $37.7bn) has merely confirmed suspicions that trade barriers are rife in competitor countries. The US Trade Representative has recently produced a 300 page volume of alleged unfair trading practices abroad. The governments concerned may dispute the reality of some of these barriers, but thye cannot disregard US sensitivity to the subject.

What shape should a cooperative agreement between Europe and the US take, if it is to have a chance of helping to defuse protectionist tension? A key element from Mr Baker's point of view would be a much firmer commitment to faster growth in Europe than was evident at the disappointing EEC summit in London. After the West German election, Bonn's case for continued fiscal austerity is going to look increasingly threadbare. A co-ordinated expansion, led by West Germany, would be more or less essential if strains within the EMS are to be avoided and if weaker countries are to minimise balance of payments difficulties.

Position's weakness

Faster growth in Europe would have multiplier effects in the rest of the world and would help convince US politicians that other countries are willing to shoulder their global responsibilities. But it would be foolish to pretend that this alone would solve the problem of chronic balance of payments imbalances.

Real progress in correcting the imbalances would require not just fiscal relaxation in Europe and Japan but further dollar depreciation and a substantial contraction of the US budget deficit. The Bank is coy about the scale of dollar devaluation still required, but it would clearly be unwise to regard rates of Y180 and DM2 as anything other than temporary resting points on a downward curve. On US fiscal policy, the Bank suggests that "severe" cuts in public spending and higher personal taxes would be necessary to bring the US current account back towards balance. This highlights the weakness in Mr Baker's position as he negotiates with European finance ministers: his apparent inability to offer them much in the way of a meaningful fiscal quid pro quo.

Japanese National Railways

Bracing for the break-up

By Andrew Baxter

A MOTLEY collection of red flags, bristling with defiance, gives a cheery air to the rather tawdry cream-painted stairways at Kokuro, Japan's largest railway union.

Elsewhere in the building, the mood is more sombre: in the face of bitter opposition from some sections of the Japanese Left and labour movement, the Japanese Diet (Parliament) late last month passed a package of eight Bills to abolish the loss-plagued Japanese National Railways and transform the shape and philosophy of the 114-year-old network.

Across the other side of the tracks from Kokuro's office adjoining Tokyo Station, the starting point for Japan's famous Shinkansen (Bullet) trains on their long journeys westwards, senior JNR officials are putting the final touches to a unique plan which, on April 1, will turn the network into six regional passenger companies and one nationwide freight concern. These will be prepared for eventual sale to the public.

While conservatives in many Western countries have toyed with the idea of privatising their state rail networks, political pressures, and the more practical difficulty of attracting investors to essentially loss-making, declining businesses have made the idea little more than a pipedream.

For the Liberal Democratic Government of Prime Minister Yasuhiro Nakasone, the venture is a once-and-for-all attempt to break a 25-year cycle of mounting annual losses which reached a record Y1,850bn (£8bn) in the year to March, and have raised total long-term liabilities to Y37,300bn, more than the debts of Mexico and Brazil combined.

For the workers and management at JNR, the break-up of the corporation is expected — and intended — to transform working attitudes, labour relations and competitiveness. Most independent observers, along with officials and politicians involved in the reconstruction, believe that the adaptability of the workforce to the new environment will be crucial to the success of the entire venture.

Several previous attempts have been made to resolve JNR's financial problems, but have foundered because of political pressures and the sheer enormity of the task. This time economic conditions are in the Government's favour, and it has prepared the ground carefully.

JNR's former top management, viewed by the government as hostile to change, was replaced last year, while Mr Nakasone has taken a personal interest in ensuring that alternative jobs are found for 61,000 JNR workers deemed surplus to requirement, thus removing a key plank from the argument of opponents who predicted thousands of job losses.

Divisions among the railway unions and opposition parties, and strong public support for financial reform of the network, have also strengthened the Government's hand. In addition, buoyant land prices in metropolitan areas are expected to produce a Y8,000bn bonus from the sale of surplus JNR land over the next 10 years. After taking into account debts to be taken on by some of the new companies, the amount of JNR debt to be absorbed by the Japanese taxpayer will be about Y15,000bn.

Nevertheless, the break-up is still one of the most controversial domestic issues in Japan today. Several sabotage attacks, which police blame on left-wing radicals, have disrupted the rail network, and last month the home of a senior JNR official was gutted in an apparent arson attack. Leaders of Kokuro, which has been torn apart by divisions over the break-up, complain of "concentration camps" set up by management for recalcitrant workers. Meanwhile, about 45 JNR workers have committed suicide this year, apparently in fear of dismissal or lack ofsuitability for the new business environment.

It is easy, therefore, to lose sight of the long-term trends and influences which have made some form of restructuring inevitable. In common with other state networks, the growth of air travel and car ownership has changed JNR's role drastically over the past 20 years, with its share of total passenger

It remains one of Japan's most controversial issues

traffic down from 45 per cent in 1965 to 23 per cent today. JNR's freight market share has fallen even faster over the same period, from 31 per cent to just 5 per cent.

But motorisation came much later in Japan than in Europe and the US, where rural rail services began to come under pressure from private motoring in the 1920s and 1930s. The peak year for passenger travel in Japan was 1974, when JNR clocked up more than 200bn passenger/kilometres, and the total has only fallen marginally since then.

At the same time, while European countries have been taking an axe to their state networks, JNR's route network was growing—from 20,100 km in 1961 to around 22,000 km today.

Anyone braving Tokyo's Yamanote loopline in the rush hour could be forgiven for wondering how the network can fail to make a profit in such circumstances. Urban passenger levels are rising, particularly in Tokyo, and JNR's dominant position in middle distance travel, between 100 km and 500 km, appears secure in a country where there is little space for airport development.

Political pressures, however, have prevented JNR from closing loss-making local services outside the big cities, despite post-war depopulation of rural areas. Lines in the three outlying islands of Hokkaido, Kyushu and Shikoku—a third of the total network — contributed less than 7 per cent of passenger traffic last year.

At the same time, JNR management's subservience to the Government forced the corporation to take on the massive debts required for the building of the Shinkansen network, which now stretches for 1,930 km. "The politicians used the railways to win votes," says Mr Kabuya Suzuki, a journalist at the Yomiuri Shinbun newspaper.

Add an over-centralised, bureaucratic structure, and severe overmanning—despite a fall in staffing from 474,000 in 1970 to a projected 276,000 before the break-up—and it is easy to see why an alternative corporate structure should be felt necessary.

In such circumstances politicians could hardly fail to contrast JNR's sorry financial performance with that of Japan's 14 major private railway companies.

With names like Kinki Nippon Railway and Keihin Electric Express Railway, the private companies have steered clear of political interference, although fare rises have been regulated.

Now they are to be used as the role model for the break-up of JNR. The forthcoming legislation creates a law putting the new regional companies and the private railways on the same legal footing.

The most pressing task for the management of the new passenger companies—three on the main island of Honshu and one each on Hokkaido, Kyushu, and Shikoku—will be to restore some financial discipline to their principal business, running a railroad.

On the financial level, most of JNR's debt is being taken off the companies' hands to give them a solid financial start, while the less promising companies outside Honshu are being given their networks free, with a Y1,000bn special fund from which they are supposed to draw the interest.

In the long run, however, the management strengths of the new companies are likely to be more important. The legislation will give the former JNR executives new freedom to set their own budgets and operating plans, while regulations on fare changes will be relaxed.

The aim is to reduce political control over the business. Mr Hiromichi Toya, the senior Ministry of Transport official who drafted the JNR bills, says: "The Ministry does not have any intention to intervene in day-to-day operations."

The acid test will be the question of line closures. JNR and the Ministry have targeted 40 to 50 rural lines, each used by less than 2,000 passengers a day and totalling some 3,000 km, for bus substitution or sale to the private sector in the next three years.

How will JNR's management, castigated for their unresponsiveness to the changing business environment, react to running limited companies which are intended in due course to be sold to private investors? The official view, as put forward by Mr Kamei, is that once executives are freed from the shackles of head office bureaucracy and political meddling, their natural managerial talents will come to the fore.

Others are not so sure. Mr Ryohei Kakumoto, a transport critic who has advocated a break-up of JNR for 10 years, says the biggest problem is the "distorted education" of some head office personnel who "believe that railways are almighty and will never be abandoned."

After April 1, however, the regional managers will face the toughest decisions on marketing strategy and improving the standard of rail and related services, where the private companies are generally seen to have the edge. "We expect them to behave very actively to promote new demand," says Mr Toya.

And what about the workers, similarly and sometimes unfairly castigated by the Japanese press for laziness? On March 31, their employment with JNR will cease, and some 215,000 will be re-employed by the new companies. Of these, 32,000 are deemed surplus to railway needs, according to criteria based on productivity in the private companies.

This will create a powerful impetus on the new companies to diversify as soon as they feel able, and railway workers know they will be expected to be more flexible. "One man, one job" rules are to be abolished and many former railway workers will in time find themselves working in hotels, station shops and even amusement parks.

JNR admits that if a worker's opposition to the plan is reflected in his work record, for example in absenteeism, it will be counted against him. For Mr Yoshiro Inada, chief secretary at Kokuro, this is the nub of the entire break-up plan, which he sees as an attempt to smash the power of organised labour at JNR, and substitute the more docile, traditionally-Japanese company unions.

While the Liberal Democratic Party will not admit this explicitly, the railway unions, and especially Kokuro, have a history of militancy and are a bulwark of the labour movement, even though legally they cannot strike. It is at least clear that quieter industrial relations are one of the Government's objectives from the break-up.

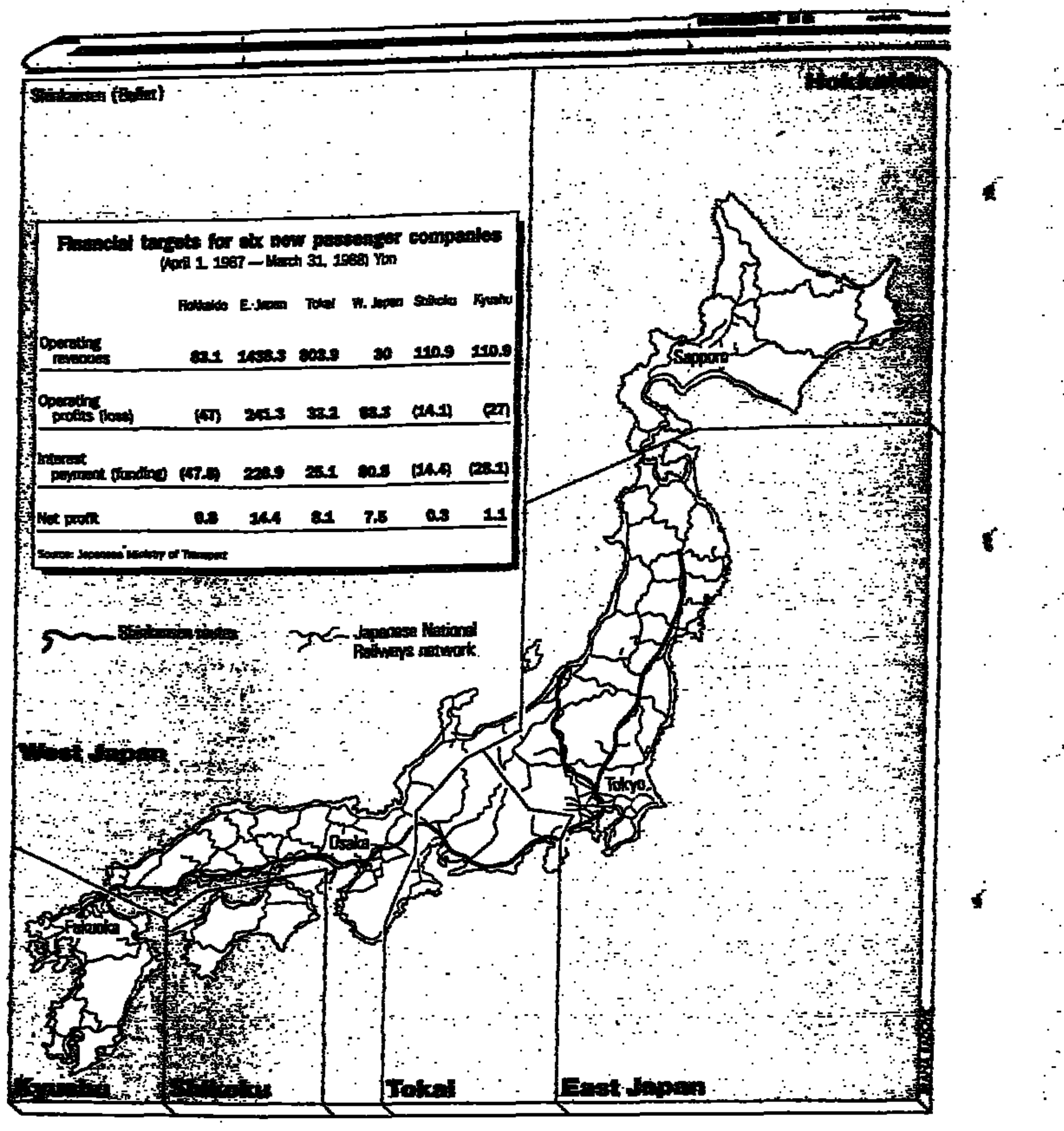
The official, long-term aim, however, is for the new companies to establish a solid profit record and be privatised in the full sense. Before that, there are many hurdles to overcome.

Mr Kakumoto believes it will be essential for the new companies to stay in the black and avoid further subsidies that would rekindle political interference.

As the table shows, the companies outside Honshu are only projected to make a minimal profit in their first year, and that is after interest received from their special fund, so there is little margin for error. Also, while the Ministry believes fares in rural areas will rise only gradually as cross-subsidisation from urban lines is reduced, most independent observers predict quite rapid increases of 50 per cent or more in rural fares.

Estimates vary widely as to when the new companies' stocks will be sold to investors. Some say it could be ten years, if ever, before the "island" companies are ready to come to the stock market. But the three Honshu companies have demographic factors in their favour, and will be operating the existing Shinkansen lines under a leasing arrangement. Also, the Ministry's profit targets do not envisage much contribution from new businesses in the early years, and the Honshu companies may be able to diversify more quickly.

So there could well be a ready market for their stock in a year or two. It may not be too long before investors can decide for themselves whether, in the words of a private railway executive, JNR is a "sleeping lion" which begins to start running.



Financial targets for six new passenger companies
(April 1, 1987 — March 31, 1988) Ybn

	Hokkaido	E. Japan	Tokai	W. Japan	Shikoku	Kyushu
Operating revenues	83.1	1438.3	803.9	30	110.9	110.9
Operating profits (loss)	(47)	241.3	33.2	88.3	(14.1)	(27)
Interest payment (funding)	(47.8)	228.9	25.1	80.8	(14.4)	(28.1)
Net profit	0.8	14.4	8.1	7.5	0.3	1.1

Source: Japanese Ministry of Transport

Men and Matters

There is a happy land

We know that China's quest for foreign capital knows no bounds. But one of the latest efforts to boost foreign exchange earnings is likely to raise many an eyebrow among the country's revolutionary old guard.

Overseas Chinese are being offered plots of land in the "Chinese Government approved eternal graveyard" over the border from Hong Kong.

In flowery, pre-liberation language, the Happy Longevity Real Estate company, is urging dutiful sons and virtuous descendants to repay their deceased relatives' kindnesses with an "Imperial funeral" in a cemetery made up of four hills — happy old age, happy man, happy tranquility, and "may you be happy." The four hills are set around Long Life Lake.

A four square metre plot is being offered to overseas Chinese, Hong Kong, and Macao compatriots — and any other Chinese lucky enough to have relatives abroad who can find the cash for a "once in a lifetime" price of HK$10,000. A one square metre urn space can be reserved for just HK$2,500.

The advertising guarantees easy transport access, minimal bureaucracy, and excellent "fengshui." That literally means "wind and water," but actually means the harmonious balance of natural forces. Although fengshui is the subject of meticulous calculation by highly-qualified and enormously expensive geomancers, it invariably means having a good view.

At first glance the burial offer would appear to be just another example of an enterprising Chinese organisation exploring new and imaginative ways of replenishing the country's depleted coffers.

However, it also marks a startling departure from Chinese communist party policy —not to mention the revolutionary thoughts of Mao Tse Tung. Until recently the use of land for burials was ideologically condemned, and ancestor worship was fiercely discouraged. Even funeral services were frowned upon. Those who wanted to bury their relatives in a traditional way would have to find corners of their farm fields, or would have to sneak a coffin up nearby mountainsides in the small hours of the morning for surreptitious burial ceremonies.

Since Mao's death in 1976 the more pragmatic Deng Xiao Ping has allowed many compromises of Maoist principles in his effort to breathe life into China's moribund economy. He is famous for having commented that as long as a cat catches mice it does not matter whether it is black or white.

The Happy Longevity Real Estate Company is obviously taking him at his word.

"Read nothing about it"

Policy studies

As the general election approaches, Mrs Thatcher seems to be keen to breathe new life into the Centre for Policy Studies, the think-tank which she and Sir Keith Joseph set up to develop and promote their ideas during the dying days of Edward Heath's leadership.

The CPS enjoyed a period of influence in the run up to the 1979 election but, even under the chairmanship of historian Lord Thomas, it has made little impact in recent years.

Now, David Willetts, a 30-year-old Treasury official currently working in the Prime Minister's policy unit at Downing Street, is to join the CPS as director of studies.

He tells me his brief is to work on "ideas for the third term of Conservative government."

Willetts worked as a research assistant for Nigel Lawson in Opposition after graduating from Oxford in 1978. He later joined the Treasury as a civil servant, where he worked on public expenditure policy and monetary policy. He was also for a time private secretary to both Lawson and Nicholas Ridley.

At the No 10 policy unit since 1984, he has specialised in social policy—and devoted some fo his spare time to helping the FT's Samuel Brittan with his book, The Role and Limits of Government (despite differences on issues such as the Falklands).

He hopes at the CPS to develop, in particular, links with various US think tanks such as the Manhattan Institute which have been doing a lot of work, he says, that could be relevant to a further term of Conservative government.

"The Government needs people on the outside, pushing out ideas, seeing which will work," he says. "People who are not closely bound to the government and cannot embarrass it."

But I would not be surprised if Willetts eventually became a Conservative insider—with a seat in the Commons.

Work out

Rupert Murdoch is visiting the land of his birth. And pausing between efforts to take over the Herald and Weekly Times group—which Sir Keith Murdoch once owned—the media magnate found time to tell The Age, Melbourne's rival publication, what he thought of doing business with Yanks and Poms.

"We have taken on the Brits and won a place there. We are still in the process of taking on the Yanks," said the now American citizen.

"The one thing I have learned in the last 10 or 12 years is that it is a damn sight more difficult in America than it is in England because the competition is harder. Real competition.

"Basically — it's changing now—the Brits don't work. And the Yanks work just as hard as you do, or harder. You didn't have to be clever in England, you only had to work and take your opportunities. In America, you've got to be clever and work hard, and get up early. Do it all."

Shop talk

An American woman I know, staying in a London hotel, struck up a friendship with the hall porter.

When her husband arrived, and was introduced, the porter made one or two remarks about the man's strong southern US accent.

"Oh," exclaimed the wife, "What sort of accent would you say I have?"

The porter, nothing if not a diplomat, thought for a moment and said, "Harrods, Mum. Definitely Harrods."

Observer

Politics Today

Mr Kinnock puts his shirt on defence

By Malcolm Rutherford

WHY IS the British Labour Party so jinxed? It spent the large part of the first half of this century coming into being, flourished wonderfully in the mid to late 1940s, and is spending the rest of the century failing to pieces.

As Mr Roy Jenkins, the botanical expert of the Social Democratic Party, might say: it is like a century plant, a member of genus Agave, a showy plant native to Mexico which flowers once after many years and then dies.

Three issues have tended to tear the Labour Party apart over the last 30 to 40 years. One is relations with the trades unions. Another is Europe. The third is defence.

There is absolutely nothing wrong with the party's concentration on such matters. All have been central to the British internal debate. Yet the Labour Party has emerged from them impaired in a way that the Conservative Party has not.

Two of them ought to be more or less settled, indeed practically are. Tory reform of the legislation affecting industrial relations has meant that the trades unions have been tamed. The unions have accepted that perhaps they over-reached themselves in the past. Their relationship with a possible future Labour Government would be much more arm's length. Even the old argument about nationalisation has lost a lot of its steam.

Europe has ceased to exist as an issue, at least in its old form. The Labour Party has accepted that British membership is here to stay. It may even be more progressive on some aspects of dealing with the Community than the Tories: for example, on the European Monetary System, on regional redistribution within Europe and on forging closer links with other European political parties. The talks in London yesterday between Mr Neil Kinnock, the Labour leader, and Mr Johannes Rau, the leader of the West German Social Democrats, were part of the process.

Defence lingers on, almost as if it is a killer.

The far left will be right to say that the Labour Party's strategy for defence, "The Power to Defend our Country," published on Wednesday, is a fudge. It is. The commitments to decommission Polaris and to cancel the Trident programme, made at the time of the party conference in Blackpool only two months ago, remain. But you have to look quite hard to find the reference to the removal of all American nuclear weapons from this country.

It is there; no doubt about that. Yet it is a far cry from the ringing denunciations of American policy and nuclear weapons in general being made in Blackpool.

As Mr Kinnock explained in his US keynote speech in Boston last week: "There are 135 US military facilities in being or planned in Britain. That includes 25 major bases and headquarters, 35 minor and reserve bases, and 75 other facilities used by US forces.

"They include the early warning site at Fylingdales and a range of other major international communications and intelligence facilities such as those in Diego Garcia, Cyprus and Hong Kong.

"They include vital airfields such as those at those at Upper Heyford, Mildenhall and Lakenheath, and of course they include essential storage and other back-up facilities. Of the 135 facilities overall, just the *Greenham Common Cruise Missile facility, the Molesworth Cruise missile facility (if it ever becomes operational) and the Poseidon facilities at Holy Loch will be closed.*" (My italics.)

Mr Kinnock then said: "We will also require a change to non-nuclear roles for the F-111s at Upper Heyford and Lakenheath — and the removal of nuclear weapons from elsewhere." That was a key sentence, even if it did not make up very much of the speech.

He concluded that particular passage: "The rest of the US facilities will remain, and this contribution to Alliance and American security will be part of our continuing commitment to sustain the major obligations of membership of NATO."

So the message has changed, been refined or fudged since Blackpool. This week's policy document and the statements surrounding it confirm that. There is no time-table for the withdrawal of American nuclear facilities, although Mr Kinnock still speaks of "a year, perhaps a little more, perhaps a little less" for the technical requirements to be resolved. The policy statement also carries the reassurance: "Everything we do will involve consultations with our allies."

It may be said that realism has triumphed over idealism, and that the Labour Party will fudge even more as the general election approaches. Quite possibly, it will.

The Labour Party manifesto of 1964 said: "In 13 years the Conservatives have spent £20,000m and our defences are weaker than at almost any time in our history. Flagrant waste on missile and other projects has diverted funds and resources from urgently needed projects. Mr Macmillan's decision in 1957 to stake his all on Blue Streak, followed by further costly expenditure on Skybolt and now Polaris, means that the Navy too has been run down to a dangerously low level...

"The Nassau agreement to buy Polaris know-how and Polaris missiles from the USA will add nothing to the deterrent strength of the Western alliance, and it will mean utter dependence on the US for their supply..."

Quite a lot of the Labour Party has never forgotten or forgiven the fact that the Nassau agreement was never seriously renegotiated. Indeed the word "renegotiation" was itself a fudge. A Labour Government kept Polaris, modernised it and then set about securing *Trident* as the successor.

Mr Kinnock is of the generation that remembers that U-turn. If for that reason alone, when he said that he was determined to rid the country of nuclear weapons, it was natural to believe him. Now he is on the same slippery slope of compromise as Harold Wilson before him. When that happens, the Labour Party, which has so far rallied round Mr Kinnock, becomes very difficult to control.

There are also some elements of intellectual sloppiness in Mr Kinnock's approach. He told his Boston audience that the Atlantic Alliance had survived "the dramatic change in French policy which took them out of the NATO military command in 1967, the renunciation of nuclear weapons by Canada in 1978, the refusal of Norway and Denmark to accommodate nuclear weapons on their territory in peacetime, the fact that Greece has negotiated a treaty which will mean the future removal of US nuclear weapons from its territory, the fact that Spain has voted to *remain in NATO on the understanding that nuclear weapons* are not based on its territory, and the decision this year by the government of the Netherlands to reduce the number of their nuclear roles in NATO."

With the best will in the world, it is difficult to see that any of those instances have anything whatsoever to do with the position of Britain today. The closest comparison would be France because France is a similar sized power—but then the French opted to keep nuclear weapons, not to abandon them. The other instances are either irrelevant or so out of date as not to count. Britain is, like it or not, a key member of the Atlantic Alliance, poised between the US and continental Europe.

It is also very striking that even the West German Social Democrats have refrained from giving an out-and-out endorsement of Mr Kinnock's detailed policies.

There is, too, Mr Kinnock's insistence on using any money saved from the cancellation of *Trident for strengthening conventional forces.* It is hard to believe that the electorate will take the Labour Party very seriously on this.

Besides, the International Institute for Strategic Studies, which is as objective as they come, has just stated in its latest Military Balance: "Our conclusion remains that the conventional military balance (in Europe) *is still such as to make* general military aggression a highly risky undertaking for either side . . . there would still appear to be insufficient overall strength on either side to guarantee victory." Stepping up conventional forces, in short, looks like a respectable figleaf to cover the withdrawal of American nuclear weapons.

None of this should be taken to mean that there is nothing to be said for a change in defence strategy—to be negotiated over time within Nato and between east and west. But it does mean that Labour has opened a can of worms.

The funny thing is that there was no great need to do so. Not even the far left was seriously pressing for the withdrawal of all American nuclear facilities.

It is said that no previous British general election has been decided on defence issues alone. That may be true, but then none has been fought with the Tories and Labour so divided over defence as now. The Tories will be absolutely merciless, as they have already begun to show. Mr Kinnock will probably *have no choice but to* go on trimming, but then his troubles with the Labour Party begin.

It seems a pity when he should have had so much else going for him. Defence is not the most important subject in the world, as long as the arms control negotiations chug along and a rough balance of power is preserved. Yet it has become almost *the decisive factor* in British politics.

Ashley Ashwood

West Germany's Johannes Rau pictured in London yesterday with Neil Kinnock

Lombard

Problems exist to be solved

By Michael Prowse

WHAT WILL historians make of it? Britain hosts an EEC summit in December 1986. Although dole queues of lengths last seen in the Great Depression have haunted Europe for five years, the assembled leaders *can agree on nothing* more dynamic than measures to cut red tape and stimulate small firm creation. Official forecasts of double-digit unemployment persisting into the 1990s seem to elicit little alarm: the Kohl/Thatcher "steady as she slows" approach wins the day.

If you stand back and remember that unemployment affects more than 19m people in Europe, the lassitude is rather remarkable. Politicians in the 1980s seem to have lost their nerve: they lack the confidence even to propose cures for deep-seated malaises. The contrast with the dynamism of leaders in previous eras such as the 1940s is striking. Can anybody imagine the World Bank or the IMF being invented today if they did not already exist? Is it conceivable that a Marshall Plan would get off the ground?

What seems to have evaporated is the conviction that problems exist to be solved. In part this reflects the revival of laissez faire doctrines: the power of the misleading slogan that governmental intervention of any sort will do more harm than good. A Panglossian conviction that entrepreneurs left to their own devices will invariably construct the best of all possible worlds is the perfect justification for inaction.

But is is not well supported by economic study. Private markets are not perfect and governments necessarily intervene in countless ways: all manage nominal demand and none is willing, for example, to denationalise money creation. The question is always how and where to intervene, not whether to intervene. It is surely reasonable to regard the persistence of 12 per cent unemployment in the EEC as prima facie evidence that further intervention of some kind is overdue. But of what kind?

An attractive answer was sketched out last week by Professor Franco Modigliani in an Employment Institute lecture. The Nobel prize-winning economist, whom nobody could brand as a Keynesian extremist, outlined a co-operative growth strategy for Europe which puts the *Commission's own more* timid proposals to shame. Modigliani, who was active in the immediate post-war period, clearly retains the "can do" spirit of those times.

In his view, the first step must be to raise people's aspirations. People have wrongly begun to imagine that 2½ per cent annual growth is *the most that can reasonably* be expected. Modigliani can see no objection, in today's climate of low inflation and excessive labour supply, of aiming for 5 per cent growth—the annual rate of expansion achieved between 1961 and 1973.

But the growth would not materialise without two forms of vigorous intervention. Governments need to impose an absolute freeze on real wage growth — Modigliani regards this as a "moral necessity" in present labour market conditions. But they also need to encourage, through incentives and subsidies, a massive transfer of resources from consumption to investment. He believes that, to achieve the faster growth, Europe's saving rate has to rise by about five percentage points — to around 25 per cent of GDP.

The market, if left to itself, will obviously not deliver either a real wage freeze or much higher savings and investment. In the face of the worst jobs crisis since the 1930s, should politicians simply throw up their hands and say "so be it?" The intellectual grounds for inaction are flimsy in the extreme: it is no use complaining that incomes policies failed in the past (labour market conditions were then quite different) or that capital formation is adequate (for what? — 2½ per cent growth?). Modigliani's speech was a welcome reminder of those happy days when statesmen had the guts to face up to social and economic problems.

The housing situation

From the Secretary General, Building Societies Association.

Sir,—Bernard Kilroy (December 9) produced an ingenious, yet fatally flawed, explanation of the working of the housing market. He claimed that "the phenomenon whereby personal savings are primarily channelled into industry in Japan and West Germany, whereas in the UK they go into the housing market is well known." Britain has devoted a lower proportion of its GDP to investment in housing than any other industrialised country. Over the period 1960-83 investment in residential construction accounted for 3.8 per cent of GDP in Britain compared with 5.1 per cent in the OECD countries generally. The figure for Japan was 6.5 per cent and for West Germany 6.8 per cent.

Mr Kilroy then managed to contradict himself by referring to equity withdrawn from the housing market which he regards as "national asset stripping of the most short-sighted kind." He can argue that money unduly goes into housing at the expense of industrial investment, or that money unduly comes out of housing, but he cannot argue both simultaneously.

Mr Kilroy also misunderstands the nature of the tax position of owner-occupied housing. He double counts twice — (a) he capitalises the value of tax relief in the purchase price, and then capitalises the value of the tax relief independently; and (b) he argues that on death a house is exempt from inheritance tax (sic) and that realised capital gains are tax free. The fact is that capital gains tax has been virtually abolished for most people, by virtue of index linking of gains liable to tax, and also by the annual exemption which is more than sufficient to accommodate the capital gains which owner-occupiers make.

It cannot be emphasised too often that the exchange of existing dwellings has only minimal effects on the real economy; what is involved is an exchange of real and financial assets and liabilities within the personal sector.

M. Boleat,
3 Savile Row, W1.

Letters to the Editor

Courage's pensions

From Mr M. Taylor,

Sir,—In an article in yesterday's paper about the court decision concerning the Courage pension schemes there was no reference to that part *of our statement* made on December 10 following the case, which we believe to be of some significance to those readers interested in the contract entered into by Hanson Trust and Elders IXL for the sale of the Courage business.

The relevant paragraph in our statement read as follows: "In the course of Hanson Trust's acquisition of Imperial earlier in the year, Imperial had included in its profit forecast about £10m arising from a Courage pension contribution holiday. The purchase price paid by Hanson Trust reflected this figure. To the extent that any contribution holiday relates to funds within schemes remaining in the Courage group, Elders will increase the consideration it is paying to Hanson Trust." The additional amount receivable by Hanson Trust may amount to £50m.

I believe it also needs to be constantly reiterated that in company pension schemes where members are to receive a defined pension for which they make a defined contribution it is the employing company and only the employing company which has the responsibility to ensure that sufficient funds are available to meet that obligation. It is not the responsibility of the employees. Thus for example where a deficit arises it is for the company to produce whatever resources are necessary to enable the promises made by pension funds to be met. We have on occasion had to take such action.

Martin Taylor,
Hanson Trust,
180 Brompton Road SW3.

BTR's bid for Pilkington

From Mr E. Judge

Sir,—The only basic industry in which Britain leads the world today is glass, solely because of Pilkington's skills in management and technology. To achieve this status vast sums have been spent continually on research and development since the 1960s, when as a private company Pilkington poured millions into bringing to commercial success its revolutionary float glass process.

It is of vital national importance that Britain's efforts in industrial research and development be wholeheartedly encouraged and supported by company shareholders and by the City with annual expenditure on R and D ranking alongside profits in assessing a company's worth. There is serious concern, should BTR gain control of Pilkington, that R and D expenditure will be sacrificed to gain quick improvement in profits as has happened in previous large takeovers.

We are now at the close of "Industry Year" and the City and financial institutions *should* grasp the opportunity to dispel growing doubts in industry by showing unequivocally that they are concerned (beyond the making of a quick profit) with helping to sustain some efficient and worthwhile industry in the north by backing Pilkington.

Edward T. Judge
(former Pilkington director),
4, Delamores Acre, Willaston, South Wirral, Cheshire.

Insider dealing

From the Chairman, Perpetual Group

Sir,—Is there a real difference between a company or an individual purchasing shares prior to a take-over bid—they can both be insiders? Once a company has made a decision to build a stake with an intention to mount a bid, surely that company is an insider. In both cases, they are purchasing shares from established shareholders with knowledge that the ordinary shareholder does not have.

As, quite rightly, restrictions are imposed on individuals dealing as "insiders," surely some restrictions should be imposed on these corporate insider dealings. This might also reduce the excessive number of take-overs as potential bidders would not be able to pay the expenses of a failed take-over by selling their original stakes accumulated stealthily through the market at a profit.

M. Arbib,
48, Hart Street,
Henley-on-Thames, Oxon.

A developing market

From the Chief Executive, County NatWest Capital Markets.

Sir,—I must take issue with the inference by Lex (December 8) that the clearing banks have been the most vociferous among critics of the sterling commercial paper market.

The NatWest Bank Group, for one, has been consistently positive in its approach, recognising that many of its largest clients see value to themselves in such a market whether as issuer or investor. Had we not taken such a positive attitude, I doubt whether County NatWest Capital Markets could ever have earned the position which it holds of leading dealer in the market, with 15 announced programmes as compared with 11 from our nearest competitor.

Our positive attitude has extended to arranging seminars and preparing explanatory brochures for corporate treasurers; to arranging the first programme for European (Norsk Hydro) and Japanese (Toshiba) issuers; and to pioneering an Issuing and Paying Agency (IPA) service which will shortly *put computerised information* about a company's programme on the treasurer's desk.

Our view is that the market has been developing at a very natural and sound pace. The excellent placement which we have experienced with corporate treasurers has left no doubt in our mind that this is a market which is here for the long term and going to succeed.

D. A. B. Lough,
12 Throgmorton Avenue, EC2.

Accountancy ability

From Mr I. Manning

Sir,—I take umbrage to your comment (December 2) that the Institute of Chartered Accountants in England and Wales is the "most important accountancy body." I am proud of my management accountancy ability and background, and, after many years in the professional world of industrial accountancy, have seen many instances of your so called "most important body" displaying a completely historic, blinkered role lacking any responsibility for problems and being incapable of seeing even the most obvious of major discrepancies — fraud. It is about time that the financial world recognised that chartered accountants do no more than check the adding up of the real achievers in industry.

I. T. Manning,
64 Glebelands,
Pulborough, West Sussex.

Radial tyres for trucks

From the Public Relations Manager, Michelin Tyre.

Sir,—On December 2, under the heading "Pirelli in £35m tyre investment," the last paragraph credited Pirelli with the recent launch of the world's first radial truck tyre. We wish to point out that Michelin introduced the first radial truck tyre almost 40 years ago in 1948. Thanks to its success in world markets, every major tyre manufacturer has now switched its production to virtually all radial. Many millions of Michelin truck radial tyres were sold before Pirelli began to make them in any quantity.

C. C. Rogers.
Davy House, Lyon Road,
Harrow, Middlesex.

FINANCIAL TIMES

Friday December 12 1986

UK GOVERNMENT BODY DELIVERS 'MAJOR JOLT' TO SELLAFIELD COMPLEX

N-plant faces safety ultimatum

BY MAURICE SAMUELSON IN LONDON

THE Sellafield nuclear complex in Cumbria has been ordered to improve its plant, operations, management and procedures or face being shut down within 12 months.

The warning appears in a report by the Health and Safety Executive which has been investigating the safety of the Sellafield reprocessing plant and other facilities following a spate of incidents earlier this year.

Mr John Rimington, director general of the executive, said in London yesterday that the report was intended as a "major jolt" to British Nuclear Fuels (BNFL), which owns the complex.

He expected that BNFL would comply, but added: "If we do not get what we want we are quite prepared to stop reprocessing temporarily until we have."

Mr Eddy Ryder, chief inspector at the executive's nuclear installations inspectorate, said nothing new had been found which would affect the risk to the public. But there had been too many small leaks and radiation doses to workers had been too high.

BNFL immediately denied being embarrassed. It described the report as "a helpful contribution" to further improvement of safety at Sellafield, and noted that it had acknowledged that safety standards there were generally improving.

Mr Neville Chamberlain, BNFL's chief executive, said many of the recommendations had already been carried out. But others were "vague and lacking in quantitative standards," and required clarification before they could be implemented.

Friends of the Earth, said it was "agreeably surprised" at the report, especially by its threat of closure.

The report focuses on the buildings and facilities at Sellafield concerned with reprocessing spent nuclear fuel from Britain's nuclear power stations, including the adjacent four reactors of Britain's first nuclear plant.

More than 90 per cent of the radioactive waste produced by civil power generation over the past 30 years is at Sellafield, much of it in liquid form.

Mr Rimington said that following the executive's earlier report on Sellafield in 1981, there had been a "distinct improvement in all important respects", and BNFL had followed the main policies and priorities in improving the plant.

"But the application of these priorities has reduced the attention paid to potentially hazardous parts of the older plant. Some of these do not yet come up to the scrupulously high standard we demand of the nuclear industry and there are matters which must be put right.

"Our findings are not recommendations. They will have to be implemented ... We intend that they should be carried out without delay." Discussions had begun with BNFL which had "assured us of their determination to take the action we require."

Safety Audit of BNFL Sellafield 1986, 2 vols., HM Stationery Office, £17.

Britain awards franchise for DBS

By Raymond Snoddy in London

THE FRANCHISE for the world's first privately financed direct broadcasting by satellite (DBS) services was yesterday awarded to British Satellite Broadcasting (BSB), a five-company consortium put together by Granada, the UK leisure and broadcasting group.

The Independent Broadcasting Authority (IBA) chose BSB to run three new national channels of commercial television in what is one of the world's biggest television franchise awards. The winner was chosen from five applicants which included such major companies as Mr Rupert Murdoch's News International, Mr Tiny Roland's Lonrho, and Mr Robert Holmes à Court's Bell Group.

DBS uses high-power satellites to deliver new channels of television to dish aerials as small as 30cm on individual homes. Unlike cable television, it can in theory offer national coverage from the day the service is switched on.

BSB, which expects to have to raise £500m ($715m) to fund the project, hopes to launch its service in late 1990 with a franchise which runs for 15 years.

Lord Thomson, chairman of the IBA, spoke yesterday of the opportunities the project would offer to business enterprise, programme-making and the electronics industry. There was the possibility of up to 25,000 jobs being created over the next five years.

"The IBA," Lord Thomson said, "wished to appoint a contractor with realistic programme plans that would provide the best prospect of generating additional choice for the viewer."

The consortium is planning to use a mixture of subscription and advertising to pay for channels of general entertainment and children's programmes, films and news and live events from around the world.

Granada, and the other four members of the consortium – Virgin, Pearson (publishers of the Financial Times), Anglia Television and Amstrad Consumer Electronics – have already committed £80m to the project. A further £120m has been underwritten by the founding shareholders.

BSB, has a list of other potential investors it hopes will fund the rest of the project. New investors will have to be approved by the IBA.

"We have very clearly in our mind that ITV must remain a minority. We need new blood in this kind of thing," Lord Thomson said.

The IBA announcement came one day after the Irish Government confirmed it was awarding a licence for an Irish DBS project to Atlantic Satellite, a company 80 per cent owned by the satellite company Hughes Communications of the US.

There is now the possibility that some of the losers in the IBA franchise round will go to Atlantic Satellite or to Astra.

EEC budget deadlock may bring emergency financing in 1987

BY QUENTIN PEEL IN STRASBOURG

THE EUROPEAN Parliament yesterday deliberately voted for a budget deadlock in the EEC, in a bid to force agriculture ministers to agree radical reforms of the Common Agricultural Policy (CAP) and to increase spending on non-farm programmes.

The move immediately raised the spectre of the Community being forced to function on emergency financing for much of the coming year until agreement can be reached between the parliament and the 12 member-states, represented by their budget ministers.

Such an outcome would halt any planned new policies of the Community, including research programmes, a major fisheries investment package, regional spending and educational exchanges.

"There is no budget for 1987," Mr Henning Christophersen, the Budget Commissioner and former Danish Finance Minister, said. "This is a very serious situation indeed. It means that a number of new lines in the budget cannot be used."

The parliament's move came in spite of an emergency trip to Strasbourg by Mr Michael Jopling, the British Agriculture Minister, to spell out his determination to make progress in agreeing enforced cuts in both beef and dairy production with his fellow farm ministers.

He failed to convince the MEPs that reforms were in sight of agreement, after three days of talks that ended on Wednesday, and which are set to resume tomorrow.

The final clash between the parliament and the budget ministers was over a tiny fraction of the total: the MEPs voted to spend Ecu 89m ($92.6m) more than their legal limit, in a total budget of Ecu 36.3bn. Mr Christophersen said the sum was enough to finance public intervention buying of canned fruit for three months under the CAP.

However, Mr Peter Brooke, the British Minister of State at the Treasury who chaired the budget ministers' council, announced immediately that the total was in excess of the maximum legal rate of increase for non-agricultural spending – and the council could not agree to it.

The result means that the EEC must be funded from January 1 under an emergency system of provisional twelfths each month.

Mr Jean-Pierre Cot, chairman of the parliament's budget committee, said it was not simply a question of the tiny gap between the council and the MEPs, in spite of "the rigid position of the council which refused to budge by one Ecu."

He said the parliament was challenging the failure of the 12 member-states in the Council of Ministers:

● To agree on radical reform of the Cap.

● To finance a deficit of at least Ecu 700m on 1986 spending.

● To contemplate any flexibility in the margin for spending on non-farm policies.

Kaunda backs down on prices

BY VICTOR MALLET IN LUSAKA

PRESIDENT Kenneth Kaunda of Zambia last night backed down in the face of widespread rioting over food price rises and announced that the cost of high-grade maize meal, a staple food, would be halved.

Dr Kaunda's statement, made in an address to the nation on television and radio, reverses a policy of phasing out consumer subsidies and calls into question the future of the country's relations with the International Monetary Fund (IMF), which has been backing an economic austerity programme.

Rioting, sparked by a doubling of some maize meal prices last week, spread yesterday from copper mining towns in the north to Lusaka, the capital, where the Government deployed troops to guard strategic installations.

A sombre Dr Kaunda said Zambia had never before witnessed such scenes of looting and violence, which he said had been encouraged by unspecified foreign agitators. "We have received a serious setback by what has happened but we are ready to start afresh," he said, adding that he and his government colleagues understood the hardships of unemployment and poverty.

Dr Kaunda declared maize milling a strategic industry and said it would come under Government control. He regretted the reintroduction of the subsidy for high-grade maize meal, saying that the Government would have to find money to pay for it which could have been better invested elsewhere.

Yesterday a crowd smashed and plundered a petrol station on the Great East Road linking Lusaka to the airport, and rioters stoned passing vehicles on the same road. Residents of nearby suburbs said that local shops were attacked and robbed of food during the night.

Troops and police were last night posted around Lusaka, manning roadblocks, guarding the radio station and protecting supermarkets from would be looters.

Bank of England sees steady rise in oil price

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

THE Bank of England yesterday forecast a steady rise in the oil price from the present $14 to $15 to about $20 per barrel by the beginning of 1988, a development which could give a substantial boost to the Government's tax-cutting ambitions in the next budget.

In its latest Quarterly Bulletin, the Bank also gives a clear signal that it wants sterling to stabilise at close to its present levels to give industry a chance to respond to increased opportunities in world markets.

The Bank gives a relatively upbeat assessment of economic prospects based on signs that companies are now beginning to respond to buoyant demand in the British economy and improving prospects in export markets.

The substantial depreciation in the pound's value over the last year has been if anything more than enough to offset over two or three years the impact of the halving of the oil price on Britain's trade balance, the Bank says. It adds, however, that the upward pressure on prices resulting from sterling's fall may be slightly greater than the offsetting benefit of cheaper fuel.

The Bulletin warns of the risks to both inflation and to the current account of the balance of payments of continued rapid growth in unit costs and earnings in Britain relative to those in its main competitors.

Details, Page 14

Fed admits Japanese

Continued from Page 1

The Fed also added L. F. Rothschild, Unterberg, Towbin, Security Pacific National Bank and Thomson McKinnon Securities to its list of primary dealers, which now numbers 40, and approved two foreign acquisitions of US primary dealers by Australia's Westpac Banking Corporation and the Industrial Bank of Japan.

It also announced plans to set up an informal International Capital Markets Advisory Committee, composed of US and foreign banks and securities firms, which will consult with the New York Fed on "matters relating to the evolution of international capital markets, including questions bearing on regulatory, market and competitive practices, payment and clearing systems, and operations."

Representative Fernand St Germain, the Rhode Island Democrat who chairs the House banking committee, said yesterday that the New York Fed should deny any application from a Japanese securities firm to become a primary dealer in US treasury securities until substantial progress is made in opening the Japanese securities market to US securities dealers.

He described the New York Fed's move as "a mistake" although it was unclear what steps he intends to make to remedy the situation.

In an effort to head off criticism, Mr Gerald Corrigan, the president of the Federal Reserve Bank of New York, yesterday took the unusual step of releasing a lengthy letter explaining his actions which he had sent to Congressman Charles Schumer, who has been highly critical of Japan's slowness in opening its markets to US securities firms.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	16	61	Dubrovnik	–	—	—	Malta	R	15	59	Rhodes	S	16	61
Algiers	R	13	55	Edinburgh	C	8	46	Manchester	R	8	46	Rio de J'o	C	32	89
Amsterdam	F	5	41	Faro	F	14	57	Manila	S	31	88	Rome	S	14	57
Athens	C	10	50	Florence	S	11	52	Melbourne	R	15	59	Salzburg	C	2	36
Bahrain	S	20	68	Frankfurt	F	4	39	Mexico City	S	24	75	San Francisco	C	6	43
Bangkok	S	30	86	Funchal	F	18	64	Miami	S	25	77	Seoul	F	8	46
Barcelona	S	12	54	Geneva	F	7	45	Milan	Fg	3	37	Singapore	R	29	84
Beirut	–	—	—	Gibraltar	S	15	59	Montreal	C	-6	21	Stockholm	S	0	32
Belfast	C	6	43	Glasgow	F	8	46	Moscow	Sn	1	34	Strasbourg	Fg	–1	30
Belgrade	C	-2	28	Guernsey	R	9	48	Munich	C	0	32	Sydney	C	26	79
Berlin	C	5	41	Helsinki	F	0	32	Nairobi	–	—	—	Taipei	F	21	70
Biarritz	C	11	52	H. Kong	S	19	66	Naples	S	14	57	Tangier	–	—	—
Bombay	S	28	82	Innsbruck	S	6	43	Nassau	S	29	85	Tel Aviv	F	16	61
Bordeaux	S	3	37	Inverness	C	6	43	New Delhi	S	22	72	Tenerife	S	22	72
Brussels	S	7	45	Islamabad	R	17	63	New York	C	1	34	Tokyo	S	16	61
Budapest	D	-2	28	Istanbul	C	7	45	Nice	S	14	57	Toronto	C	-7	19
B. Aires	S	23	73	Jakarta	C	32	90	Nicosia	F	19	66	Tunis	F	16	61
Cairo	F	19	66	Jersey	R	9	48	Oporto	C	10	50	Valencia	S	13	55
Cape Town	S	25	77	Jo'burg	F	17	63	Oslo	Fg	-3	27	Venice	S	6	43
Caracas	R	26	79	Lima	C	23	73	Paris	S	7	45	Vienna	Sl	-1	30
Casablanca	S	16	61	Lisbon	F	9	48	Peking	C	8	46	Warsaw	Sl	1	34
Chicago	S	-8	18	London	R	9	48	Prague	F	4	39	Washington	Sn	2	36
Cologne	F	3	37	Los Angeles	F	8	46	Reykjavik	Sn	1	34	Zurich	C	6	43
Copenhagen	C	5	41	Luxembourg	S	3	37								
Corfu	F	14	57	Madrid	F	4	39								
Dallas	–	—	—	Majorca	F	15	59								
Dublin	S	7	45	Malaga	S	15	59								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

NYSE admits limitations

Continued from Page 1

Mr Dingell suggested that the "clear limitations" of technical systems might make higher penalties necessary for insider trading.

Last month, Mr Ivan Boesky, the well known Wall Street speculator, agreed to pay $100m in penalties and to co-operate with a Securities and Exchange Commission investigation into insider trading.

Mr Phelan said it was possible for men such as Mr Boesky to escape detection for a period because the exchange relied heavily on member firms, such as that of Mr Boesky, to watch for wrongdoing.

Mr Ivan Boesky

Boesky's memoirs disappear with him

By James Buchan in New York

HIS NAME is no longer listed in the lobby at 650 Fifth Avenue. Across the road, at the Pastrami n'Things coffee shop on 52nd Street, he has not been seen for quite a while. His memoirs have vanished from the bookstalls. Callers at the office of his partnership are referred to a lawyer in Washington.

Mr Ivan Boesky has gone to ground.

But if Mr Boesky has not been seen or heard of much since he agreed to pay $100m in penalties for insider tradings just after the market closed on November 14, his presence is very much felt.

Waves from the "Boesky Affair" and the investigation by the Securities and Exchange Commission (SEC) have been spreading in ever widening circles for a month.

Leading Wall Street investment firms and bankers have been discreetly engaging criminal counsel while regulators and Congressmen are volubly questioning the takeover culture in which Mr Boesky and his friends flourished, and everybody is waiting for the next development.

All week, Wall Street has been awash with rumours that Mr Boesky would be pulling out of the securities industry by the weekend.

Although Mr Boesky still faces one criminal charge, for which he could go to jail, he has settled with the SEC and been given 18 months, under strict supervision, to wind down the $900m investment partnership he formed in March for the purpose of trading in special situation stocks.

In a judgment that has been widely criticised, the SEC permitted Mr Boesky to cash about $440m of its holdings in the week before his indictment and there have been reports that some equity partners, accounting for about $250m, are pushing for an early liquidation.

However, Mr Boesky's lawyers say the liquidation is proceeding in an "orderly" manner.

The SEC is holding a $50m payment from Mr Boesky in an escrow account to meet claims from investors who might have lost money from his illegal activities. Whether this will be enough, or whether other assets will be claimed, is unclear.

This week, Mr Boesky – or rather his wife, Seema – disposed of a very visible investment, the Beverly Hills Hotel.

The hotel, known as the "Pink Palace," was inherited by Mrs Boesky and her sister and had long been the cause of feuding between them. It was sold to Mr Marvin Davis, the former owner of Twentieth Century Fox, for about $130m.

Mr Boesky had owned 4 per cent of the equity – enough to give his wife the voting majority – but this was sold to her just before the SEC announcement in what lawyers insist was an arms-length transaction.

Apart from Mr Boesky and the general reputation of Wall Street, the main victim of the affair is the high-flying investment bank, Drexel Burnham Lambert.

Drexel underwrote the funds to leverage Mr Boesky's partnership – a $660m debenture – and was the prime originator of the high-yielding, low-quality finance, known as "junk bonds," for the takeovers in which Mr Boesky speculated.

Drexel once employed Mr Dennis Levine, who was one of the insiders who provided Mr Boesky with information, according to the SEC.

Drexel is not the only investment bank that has been drawn into the SEC's widening investigation. Officials at Shearson Lehman have also received subpoenas, as have such takeover specialists as Mr Carl Icahn. But the SEC is known to be investigating several takeovers in which Drexel was involved.

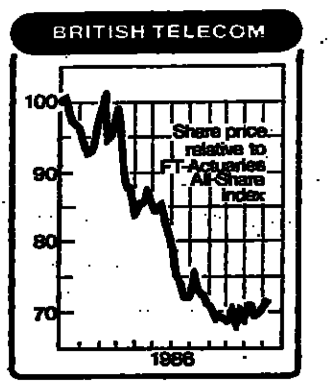
The firm has also come under fire for the lack of secrecy in soliciting finance for planned bids: at one stage, Drexel was sending its clients sealed envelopes containing details of the target and offer, with only a warning that they must not trade on the information if they opened the envelopes.

On Wednesday, the New York insurance authorities launched what could be a broad regulatory attack on "junk finance" by announcing that they would seek to limit the percentage of assets insurance companies in the state could deploy in junk bonds.

THE LEX COLUMN

Conference call for utilities

Reliably boring, that's British Telecom. Yet it does seem particularly odd that the shares should be at a discount to those of British Gas. Even with Mercury in the wings it is difficult to believe that BT's earnings will grow more slowly than those of British Gas. BT should make over £2bn pre-tax in the year, which puts the shares, down 1p at 200p, on a multiple of only 9.7 – a discount of about 25 per cent to the industrial sector average.



The problem is that BT is seen as having 65p of political risk in its price, whereas British Gas's downside – at 62p per partly-paid share – is only 12p. Yet BT's shares are where they were when the Labour Partly revealed its plans for the company, and when the polls were far less favourable to the Government. The market should be less fearful and more greedy.

Although £504m of second-quarter profits did nothing to dispel the reputation for reliability, the way BT arrived there was slightly odd. An increase in "other operating costs" of 23 per cent was neatly counterbalanced by bigger than expected rise in call volumes, both inland and international.

It now appears that BT is maintaining the volume growth of last year, which did not appear to be the case during the first quarter. Whether or not the earlier figures were simply an underestimate, the fact is that predictions of ratcheting decline in volume growth may be wide of the mark.

A large measures of the increase in "other" costs stems from problems in the businesses acquired overseas. The discovery that Mitel needed even more work done to it actually does not appear in the figures, but instead about £15m has been retrospectively charged to reserves as a further write-off of goodwill on the acquisition completed last March.

In the UK, the cost base is being chopped by about 1¼ per cent a year through natural wastage. The impression remains that Mercury is not frightening BT enough – yet – to induce it to make the sort of cuts in the workforce that its critics demand.

AE dividend

Perhaps a scorched-tyre policy is what Mr Maxwell might have expected from Turner & Newall, such pains having been taken to remind everyone that Turner is still an asbestos company. Yet it is none the less unusual for AE to have taken the step of rescinding its earlier decision to pay a second interim dividend, previously advertised as 5.3p.

It is only to be expected that the new AE board will want to go through the books and determine what the company's cash needs are in the light of the information available at its new year end. But that quite incidentally means that payment of a dividend may be deferred until after an annual meeting that need not, statutorily, take place until next May. If Mr Maxwell reworked his sums on the cost of carrying a 30 per cent non-yielding stake in AE, that would presumably not displease Turner.

Great Universal

It takes a fair-sized bushel to conceal great Universal Stores' light, but the company and the stockmarket have managed to create one: yesterday's interim figures hit the screens in the darkness of 5pm, giving the market hardly time to add a few pence to the non-voting shares after hours. That despite an above-average (for Gus) pre-tax increase from £114.9m to £132.5m before property profits. At this rate Gus might reach £335m for the year to March compared with £290.3m. The *prospective multiple of less than 12* is a rating well below the sector average, a continuing demonstration of Gus's under-recognised worth. When it comes to the method for revealing what is hidden, the market and Gus part company.

The sharp rise in the voting shares' premium to the non-voters – *as high as 500p* lately – argues that enfranchisement is expected and a takeover would follow. However, that might not be to the company's taste, though it often says it is considering extending the vote. Perhaps the deals with Harris Queensway, echoed in the latest Australian swap, point to the way Gus is thinking. If assets are exchanged for equity stakes in quoted businesses Gus would be easier to value, perhaps making a bid unnecessary. Gus could become a combination of investment trust, property company and bank as well as a mail order house. The only drawback is that such a combination might merit an even lower multiple.

Westland

Institutions which have bought back into Westland since the rescue operation have had a reasonable ride for their money subject to the timing of their re-entry, at yesterday's close of 85p they may be hovering 20p or more above the Yeovil helicopter pads. Those who also managed to sell out way above the market price (and the stock exchange floor, for that matter) have done well out of Westland this year.

The remaining shareholders are mainly showing a loss on the whirligig prices that were paid by those curious nominee agents in the scramble for control, but the large holders knew what they were in for, and are doubtless satisfied to have protected their strategic positions. By dint of cutting deep into the research and development spend, embarking on a pension fund holiday, and tightening up all round, Westland has – after all – turned into a decent profit for the year. When the capital reduction goes through, early in 1987, Westland will even be able to talk about paying an ordinary dividend.

The famous order-gap that rocked the cabinet is still there, however. By reorganising the company as a group of potentially *free-standing entities, Westland is serving* notice on the Government that if work is not forthcoming when the gap arrives at the end of 1988; helicopter development is an activity that may be allowed to drop without a parachute.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday December 12 1986

VW to recover ground lost in third quarter

BY ANDREW FISHER IN FRANKFURT

VOLKSWAGEN, the West German motor group, expects this year's profits to end up at around the same level as 1985, despite the 13 per cent fall reported for the third quarter.

Its profits in the fourth quarter had returned to the more favourable levels of the first two quarters, the Wolfsburg-based concern said yesterday. For the whole of 1985, VW's net profits more than doubled to DM 596m.

A month ago, VW said its profits in the July-September period slid from DM 424m last year to DM 369m ($184m) as a result of problems in South American markets, the weakness of the dollar, and new model costs.

Yesterday, however, VW said some subsidiaries – it did not detail which ones – had recently turned in higher profits than in preceding months of this year. Increasing unit sales and the resulting high capacity utilisation had enabled the group to limit the effect of the adverse factors which had depressed third quarter earnings.

VW also said that next year should see a continuation of favourable market conditions, though warning about currency uncertainties and possible cost increases. VW aimed to raise worldwide sales further in 1987.

The group forecast that registrations of new cars in Germany would touch a new record in 1986 at 2.7m vehicles. The 1985 figure was 2.4m, slightly down on the previous year as a result mainly of uncertainties over when new exhaust emission standards would be introduced.

VW and its Audi subsidiary have lifted deliveries this year by 15 per cent to some 840,000 vehicles. The Golf, remained the most popular car both in Germany, where it accounts for nearly one in seven of all car sales, and in Western Europe.

Total worldwide sales of the group – excluding Seat, the Spanish manufacturer in which it now owns a majority share – will be 2.5m vehicles this year compared with just over 2.4m in 1985. Thus the group will return to its record level of 1979. With Seat, sales will be 2.8m units.

Turnover is expected to amount to around DM 53bn, including Triumph-Adler, the office equipment company sold to Olivetti of Italy, up to August and Seat. This will be slightly higher than the previous year.

Big charge by US oil services group

By Our New York Staff

SCHLUMBERGER, the international oil-services group, yesterday announced one of the largest equity write-offs in recent US corporate history with a $1.7bn charge to fourth-quarter profits. But the company said it would pay its regular dividend of 30 cents a share for the fourth quarter.

The company, which was once a legend for management quality but has been badly hit by the collapse of its main market for oil drilling and measuring equipment, said that the bulk of the charge, amounting to $1.4bn, was attributable to its oilfield services division.

More than half of that represented the write-down in tangible assets, chiefly drilling and logging equipment, and the remainder a write-off of goodwill paid for Dowell Schlumberger, the 50-per-cent owned pumping services business, *and Sedco Forex, a specialist in semi-submersible drilling rigs.*

A further $150m provision was made against potential interest to be paid to the US tax authorities pending litigation, and $125m against the consolidation of its measurement and control operationes.

Owens-Illinois faces $3.3bn takeover bid

BY JAMES BUCHAN IN NEW YORK

OWENS-ILLINOIS, the largest US glass-container manufacturer, announced yesterday that it had received a $3.3bn takeover offer from Kohlberg Kravis Roberts, the New York investment bank that specialises in leveraged buy-outs.

The offer is valued by Kohlberg Kravis at $55 a share and consists of $48.50 in cash and a subordinated debt security with a market value of $6.50.

The offer set off hectic buying of Owens-Illinois on the New York stock exchange. In the first hour of trading, more than 2 per cent of the company changed hands and the share price rose $7 to $51¾.

Kohlberg Kravis stressed the friendly nature of the approach and said that it had invited key members of the management, widely admired on Wall Street, to acquire an equity stake at the same price in the company which will make the acquisition.

Owens-Illinois, based in Toledo, Ohio, said that it had formed a special board committee of five non-executive directors, to consider the buy-out proposal.

Owens-Illinois has recovered strongly from recession in 1982. After intensive investment and rationalisation of its glass-container business, it is regarded as the industry's most efficient producer.

At the same time, management has diverted the strong cash-flow from its basic business into what it considers growth areas, such as nursing homes and financial services. In the first nine months of this year, Owens-Illinois reported net profits of $144m on sales of $911m, against $48m and $971m in the same period of 1985.

Mr Thomas Cope, a research analyst at Dillon Read, said yesterday that the offer was not "overly generous" against his estimated minimum break-up value of $54 a share.

IRI seeks to retain control over bank

By Alan Friedman in Milan

THE long-running debate over the future of Mediobanca, the Italian state-controlled merchant bank, was reopened yesterday with a clear statement by Professor Romano Prodi, chairman of the IRI state holding group, that IRI is not prepared to give up control of Mediobanca.

Prof Prodi's statement came in the wake of a proposal to privatise Mediobanca which was attributed to Mr Leopoldo Pirelli, chairman of the Rubber group which owns a tiny 1.2 per cent shareholding in the bank. The Pirelli proposal, on behalf of other minority private sector shareholders such as Lazard Freres and Berliner Handelsbank, called for the sale by IRI of a 6 per cent equity stake in Mediobanca to private investors, thus lowering the state's holding from 56.6 to 50.6 per cent. *The plan also calls for a second phase which would bring IRI's shareholding down below 50 per cent.*

Prof Prodi, speaking before the budget committee of the Chamber of Deputies in Rome, criticised what he called the "disproportionate veto rights of the private shareholders". He was referring to a rule which requires a two thirds quorum of board members for Mediobanca decisions.

Although IRI, through its three bank subsidiaries, controls 56.6 per cent of Mediobanca, a long-standing arrangement has given minority shareholders 50 per cent voting rights, equal to IRI's say in decisions. In the decision-making shareholders' control syndicate. Private shareholders with just 1.75 per cent have the same strength as IRI.

At the centre of the Mediobanca issue is Prof Prodi's desire to broaden the client base of the bank and to reassert IRI's authority, which he feels has been eroded.

Ministry warns against Swedish bank venture

BY SARA WEBB IN STOCKHOLM

PLANS announced earlier this week to build up a new Swedish banking and finance group spearheaded by Proventus, the investment company, and Gotabanken, the country's fourth largest bank, have drawn sharp criticism from both the Finance Ministry and the Government's Credit Market Committee.

Mr Bengt K. A. Johansson, the Banking Minister, said the proposals went against the basic idea of Swedish banking legislation and were not in line with the Government's proposals for wider ownership of the banks.

Mr Anders Nordstroem, a member of the Credit Market Committee, said the committee objected to the idea of a bank being under the control of a holding company, and that there was a risk funds could be transferred between the banks and other companies within the holding company, which would "be very risky for the bank deposits."

Proventus, controlled by Swedish financier Mr Robert Weil, owns 46 per cent of Gotabanken. The management announced on Monday that it plans to set up a new holding company – called Gota Holding – with Proventus as the main shareholder.

Gota Holding would control five or six separate companies responsible for commercial banking, investment banking, fund management, stockbroking and finance.

The plan is to acquire the remaining shares in Gotabanken, and in B&B invest, an investment company in which Proventus recently agreed to buy a 40 per cent stake.

B&B Invest owns 53 per cent of Wermlandsbanken, a regional bank in western Sweden which ranks as the country's sixth largest. The Bank has total assets of SKr 11bn ($1.58bn) and Proventus intends to take it over – as part of Gota Holding – in order to build up Gotabanken's regional network.

Emhart to axe 16 units and 1,100 jobs

By Our Financial Staff

EMHART, the diversified US industrial group, yesterday announced plans to sell 16 business units with total annual sales of about $250m and more than 4,000 employees.

The Connecticut-based concern, whose products include hardware, fasteners, and Bostik adhesive, also plans to eliminate about 1,100 jobs worldwide from its total workforce of more than 34,000.

The planned divestitures are part of a previously-announced restructuring plan at Emhart, which has been expanding its electronics and consumer product interests.

The announcement comes two months after the group announced the $115m sale of its shoe-making machinery business, based in Leicester, England, in a management buyout.

Emhart said yesterday that its restructuring, exclusive of the sale of the 16 units, would reduce expenses by $20m in 1987.

Volvo to take 76% of heavy truck joint venture with GM

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

VOLVO, the Swedish automobile, energy and food group, is to take an initial 76 per cent stake in its US heavy truck joint venture with General Motors of the US.

The two companies have reached final agreement on the deal this week, which will effectively mark the withdrawal of General Motors from direct involvement in the heavy truck sector and will provide a major boost for Volvo, which is already the world's third largest heavy-truck maker behind Daimler-Benz and Renault-Mack.

General Motors will take a stake of 24 per cent in the joint venture, to be named Volvo GM Heavy Truck Corporation, although it will *retain an option to increase its share to 35 per cent at a later date.*

Volvo will have operational responsibility for the company, which will have its headquarters at Greensboro, North Carolina. The venture will incorporate the existing Volvo White Truck Corporation and General Motors' heavy truck operation. GM is understood to be investing an additional amount of about $70m for its 24 per cent stake.

Volvo said yesterday that all manufacturing for the new venture would eventually be moved to Volvo White's current plants in New River Valley, Virginia, Orrville, Ohio and Ogden, Utah.

The joint venture will become effective from January 1 next year and after a transition period will become fully operational during 1988. It will maintain both the White and GMC names.

Volvo and GM hope that by combining forces they will be able to build a more effective production and distribution. "An expanded customer base and increased volume will provide a firmer foundation for an aggressive product development strategy for the 1990s and beyond," the two companies said yesterday.

Volvo and GM will form a separate venture based in Toronto, Ontario to distribute heavy trucks in Canada.

The Volvo takeover of General Motors' heavy truck operations is the second time in five years that it has used the weakness of domestic US manufacturers to boost its presence in the world's biggest truck market. In 1981 it paid $75m for the assets of the bankrupt White Motor, which it returned to profitability in 1984.

The GM-Volvo deal marks a major turning point in the restructuring of the US heavy-truck market, where GM has badly lost market share in recent years and has been pessimistic about future growth in the face of severe overcapacity and strong on margins.

The new venture will have a potential market share of 15 to 16 per cent. Last year GM had 11,007 new vehicles registered in the US compared with 12,020 for Volvo/White/Autocar and 30,065 by Navistar, the market leader.

Boliden sees year-end loss

By Sara Webb, Stockholm Correspondent

BOLIDEN, the Swedish metals, chemicals and mining group, yesterday warned shareholders not to expect a dividend for 1986 because of the group's financial situation.

Boliden made a record loss of SKr 987m ($142m) in the first nine months of this year and said that despite capital gains made during 1986, it would not rule out the possibility of a loss for the full year.

The board said that Boliden's free capital would probably be entirely or mostly used up at the end of the year. It will take a final decision on whether to cancel the dividend when it meets at the beginning of next year.

RECORD YEAR FOR NEWCOMERS TO GERMAN STOCK MARKETS

Maho expects further 50% jump in profits

BY OUR FRANKFURT CORRESPONDENT

MAHO, the West German machine tool company which is the latest new entrant on the stock market, is heading for a further sharp increase in profits this financial year, Mr Werner Babel, chairman, said.

Profits of the company, based in the south of Bavaria near the Austrian border, rose from *DM 4.9m to* DM 11.8m ($5.9m) in the year to June 30, 1986.

The rise in 1986-87 could be around 50 per cent, said Mr Babel, with future years then showing a more normal rate of growth. Of its annual DM 344m of sales, up from DM 255m in 1984–85, nearly 60 per cent goes to foreign markets, with some 80 per cent of total business in Western Europe. Sales in 1986–87 are estimated at DM 400m.

The Maho issue comes at the end of a record year for new issues in Germany. In Frankfurt, the leading German stock market, accounting for roughly half of all business, 15 *companies have come to the bourse* this year compared with eight in 1985.

As well as Frankfurt, shares of Maho will also be quoted in Munich and Stuttgart. Mr Rolf Breuer, a director of Deutsche Bank, leading the issuing consortium, said his bank had guided 15 companies onto German bourses – there are eight in all – this year, with a placing volume of DM 3.7bn.

This was a sum, he added, "of which we could only dream three years ago, as the going-public trend began." As for the bourse's recent listless performance after the four-year bull market ended in April, he *said there was no reason for pessimism.*

"The fundamental conditions for a positive trend on the German stock market remain," he stated. "The inflation rate is around the nil level, real growth in gross national product is supported by a rise in disposable incomes, and – last but not least – German shares are certainly not valued at exaggeratedly high levels on an international comparison."

At its DM 325 issue price, Maho is on a price earnings ratio of 13, based on expected profits for the current year. Maho intends to use the proceeds of the issue for future *investment and to strengthen its financial position* in line with the increased level of business.

The company makes computer-controlled drilling and milling machines, and has also branched out into flexible manufacturing systems. Last year, it invested nearly DM 30m in improving production and raising capacity.

NOTICE OF REDEMPTION
TO THE HOLDERS OF

Imasco Limited

U.S. $50,000,000 15½% Debentures due January 1989

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Trust Indenture bearing formal date of January 14, 1982 (hereinafter called the "Trust Indenture") between Imasco Limited (the "Corporation") and Montreal Trust Company (hereinafter called the "Trustee") as Trustee, providing for the creation and issue of the 15½% Debentures due January 1989 (hereinafter called the "Debentures"), the Corporation intends to redeem and will redeem on the 15th day of January 1987 (hereinafter called the "redemption date") all the Debentures which shall be outstanding on the redemption date at the redemption price equal to their principal amount plus a premium of 1.00% thereof, all payable in lawful money of the United States of America.

All the Debentures will become due and payable at the redemption price on the redemption date and with the same effect as if it were the date of maturity specified in such Debentures upon presentation and surrender of the Debentures together with all coupons appertaining thereto maturing after the redemption date at the offices of any of the paying agents listed below. If such Debentures are presented for payment without all interest coupons appertaining thereto which mature after January 15, 1987, the amount of the missing unmatured coupons will be deducted from the redemption monies due for payment.

Interest on the Debentures will cease to accrue from and after January 15, 1987.

Coupons maturing on January 15, 1987 should be detached and presented in the normal fashion.

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The Royal Bank of Canada (France) S.A.,
3 Rue Scribe,
75440 Paris, CEDEX 09

Banque Générale du Luxembourg S.A.,
27 avenue Monterey,
Luxembourg

The Royal Bank of Canada A.G.
Bockenheimer Landstrasse 61,
D-6000 Frankfurt/Main 1

The Royal Bank of Canada (Belgium) S.A.
Rue de Ligne 1,
1000 Bruxelles

Morgan Guaranty Trust Company of New York,
Morgan House,
1 Angel Court,
London EC2R 7AE

December 12, 1986

IMASCO LIMITED
by Montreal Trust Company
TRUSTEE

INTERNATIONAL COMPANIES and FINANCE

Price fall prompts Chevron write-off

By Our New York Staff

CHEVRON, the West Coast oil company, has announced a $320m after-tax write-off against its exploration activities in the wake of lower oil prices.

The charge to fourth-quarter net income will reduce earnings per share by 94 cents this year. Chevron earned $801m, or $2.34 a share, in the first nine months of this year. The special write-off represents capitalised expenditure on wells in progress, mainly in Africa and elsewhere outside the US, which are no longer worth developing at current oil prices. There was also a provision for the accelerated write-off of unproved leases in the US.

However, Chevron said that the provisions against producing properties were "negligible" while the total charge amounted to only 2 per cent of the carrying value of its oil and gas properties of $15bn, or $44 a share.

BP 'interested in USX oil assets'

BY JAMES BUCHAN IN NEW YORK

USX, the embattled steel and energy group under attack from Mr Carl Icahn, said that British Petroleum had expressed interest in acquiring some of its oil and gas properties.

Mr David Roderick, chief executive of USX, said he had met Sir Peter Walters, BP chairman, in London three weeks ago. However, he stressed that he had been in contact with a number of oil companies with a view possibly to selling some or all of the company's energy assets, which it acquired in takeovers of Marathon Oil and Texas Oil and Gas.

Several oil companies are known to be particularly interested in Marathon's interest in the Yates field in Texas. Analysts have speculated that the sale of these properties would make the company less attractive to Mr Icahn, who earlier this year offered to buy the company at $31 a share and holds 11 per cent of the equity.

Standard Oil, BP's majority-owned US subsidiary, said yesterday that it had no knowledge of any talks between its parent and USX. While analysts believe that either BP or Standard Oil would be interested in acquiring some of Marathon's oil properties at the right price, they said there was considerable overlap with Marathon's refining and marketing operations which could lead to anti-trust problems.

Mr William Johnson, president of the Standard Oil production company, said Standard Oil had looked at many acquisition prospects over the past six months since the collapse in oil prices. However, he said asking prices were unreasonably high and recent transactions had been done on the basis of expected oil prices of "$20 a barrel and above."

He said Standard Oil was working on an assumpted price of a $15 barrel.

Mr Roderick also said that he would announce a long-delayed restructuring programme "by the end of January." USX has retained two Wall Street investment banks to examine options for restructuring the business.

These are believed to range from the steel operations – which have been left idle by a five-month strike – and the sale of oil and gas properties. So far, USX has raised about $800m.

Swiss quality control group in German deal

INSPECTORATE International, the Swiss-owned services company, will at the end of this year acquire a majority stake in Harpener Group of Dortmund, as a preliminary step to gaining full control, writes John Wicks in Zurich.

Harpener produces annual turnover of nearly DM 500m ($250m) from activities in the energy, transport and property sector and is listed on the stock exchange with a capitalisation of some DM 1bn. It also has a number of participations, including that in the separately-listed company Boewe.

Inspectorate International, whose bearer shares and participation certificates were introduced to Swiss exchanges this year, is controlled by Mr Werner Rey, the Swiss financier. Best known for its activities in the field of quality control, the Neuchatel-based company expects its turnover to reach the SFr 1bn ($595m) level next year with a corresponding rise in profits and cashflow.

● Swiss Cantonbank (International) is to sell Hamburger Handelsbank, of Hamburg, to the Danish Jyske Bank at an undisclosed price.

The German private bank, which is to be re-named Jyske Bank (Deutschland), had originally been a subsidiary of Hoffmann-La Roche, the Swiss chemical group. It was bought in 1983 by Mr Werner Rey, the Swiss financier, who subsequently merged it with the former Phibrobank, of Zug, which he had bought from Phibro-Salomon of New York.

A minority interest in

Officine Alfieri Maserati S.p.A.

a subsidiary of

DeTomaso Industries, Inc.

has been acquired by

Chrysler Italian Imports, Inc.

a subsidiary of

Chrysler Corporation

We acted as financial advisor to Officine Alfieri Maserati S.p.A. in this transaction.

Merrill Lynch Capital Markets

November 1986

Reliance

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Since Reliance went public in 1977, its sales have increased 9 times, assets 42 times and profits 23 times.

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Today Reliance is the largest manufacturer of polyester yarns and fibres in India.

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RUPEES IN MILLIONS	1977	1985	%age growth over 1977
SALES	689.80	7,162.89	938%
NET PROFIT	29.30	713.37	2334%
TOTAL ASSETS	169.99	7,356.86	4227%
NET WORTH	95.41	3,111.17	3161%
TOTAL DIVIDENDS	8.93	257.52	2783%

Issue of 13.5% Secured Fully Convertible Debentures of 145 Indian Rupees each. Each compulsorily converted into two Reliance shares at the end of 12 months at a conversion price of Rs. 72.50 per share. The average price of the shares during the week of 9th November was around Rs. 220 per share.

This advertisement is not an invitation to subscribe for the Debentures. Full details of the offer are contained in an Offering Circular dated 1st December 1986 on the terms of which alone investment in the Debentures may be made. For a copy of the Offering Circular and application forms please contact any of the following banks:

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175, Soho Road, Handsworth,
BIRMINGHAM B21-95U.

32, Ealing Road,
WEMBLEY BRENT,
MIDDLESEX HAO 4TL

State Bank of India
State Bank House,
1, Milk Street, LONDON EC2

6.30 Finchley Road,
LONDON NW 11

Clarendon House
10/12, Clifford Street,
LONDON NW 1

Kings House, The Green,
SOUTHALL, MIDDLESEX

30, Clare Street, BRISTOL.

American Express Bank Ltd.
Winchester House,
77, London Wall,
LONDON EC2

Canara Bank
P.O. Box No. 1743,
14, Moor Lane,
LONDON EC2

* in terms of market capitalization

ISSUE OPENING DATE: 22-12-86
CLOSING DATE: 24-12-86

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Reliance Industries Limited
Regd. Office: Maker Chambers IV,
222, Nariman Point, Bombay 400 021, India.
Tel: 243340 Telex: 011-6542 VMAL IN 011-2950 VMAL IN

Reliance Industries Limited invite Non-Resident Indians to attend Investor's Conferences at:

Date: December 12, 1986 (Friday)
Time: 6.30 p.m.
Place: Grand Hall (The Connaught Room) Great Queen Street, London W.C.2.

Date: December 13, 1986 (Saturday)
Time: 5.30 p.m.
Place: Wembley Conference Centre, (Severn Suite) Wembley, Middlesex.

Mudra: B:RIL-4230

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From Monday 15th December, 1986
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November 1986

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(Established under the laws of the Republic of Iceland)
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Notice is hereby given that the Rate of Interest has been fixed at 6¼% p.a. and that the interest payable on the relevant interest payment date June 12, 1987 in respect of U.S.$100,000 nominal of the Notes will be U.S.$3,159·72.

December 12, 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank — CITIBANK

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Citicorp Overseas Finance Corporation N.V.
(Incorporated with limited liability in the Netherlands Antilles)
Unconditionally guaranteed by
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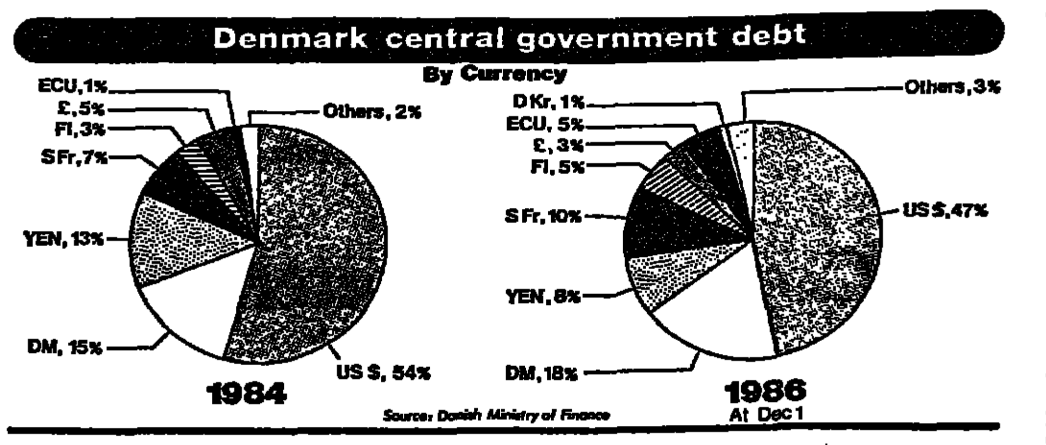
Notice is hereby given that the Rate of Interest has been fixed at 6 7/16% and that the interest payable on the relevant Interest Payment Date, March 12, 1987, against Coupon No. 32 in respect of US$1,000 nominal of the Notes will be US$16.09.

December 12, 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank — CITIBANK

Haig Simonian profiles a prominent sovereign borrower

Denmark pays the price of economic upturn



FEW BORROWERS have sparked such conflicting reactions recently in the Euromarkets as the Kingdom of Denmark. While mandate-hungry investment bankers have been queuing for flights to Copenhagen, their own bond dealers have been groaning under the weight of yet more Danish paper.

The Danes have had to borrow heavily abroad this year, although the four-year-old coalition Government has scored some notable successes in turning the domestic economy round. A sharp government budget deficit has been chipped away to achieve a balance—or even a slight surplus by the end of the year.

Unemployment is down from a peak annual average of 10.7 per cent in 1983 to just under 8 per cent today. Inflation has fallen from about 10 per cent a year when the Government took over to around 4½-5 per cent. Meanwhile, Denmark's gross national product should reach 3¼ per cent this year, according to Copenhagen Handelsbank.

However, such a domestic economic upturn comes at a cost for any heavily import-dependent country. Danish companies have been to import between 40 and 50 per cent of the input for every DKr 1 of goods they sell abroad. So, while the domestic economy has raced ahead, Denmark's balance of payments deficit has kept close pace behind.

Red ink on the current account is nothing new for Denmark; the country has not enjoyed a balance of payments surplus since 1963. However, the position has deteriorated sharply this year. It is estimated that the balance of payments deficit will hit a record DKr 33bn ($4.35bn) by year-end — almost double the Government's forecast last January.

Domestic growth is not the only culprit. Private capital inflows have not come up to expectations. Imports of private capital last year more than covered Denmark's current account deficit. This year, by contrast, there has been a net outflow of private capital of about DKr 13.5bn.

The figures for 1985 may have been partly affected by one-off factors. The removal of capital controls bolstered foreign confidence in the Danish economy, rather than triggering an outflow of domestic funds. Overseas investors bought large quantities of Danish government bonds in 1985. This year, by contrast, sales and purchases of Danish government bonds by foreign investors have been almost equally balanced.

Danish companies' appetite for borrowing abroad has also abated this year — partly due to concern about the exchange rate, which was most noticeable in the summer. Instead, Danish companies have been paying back older foreign loans and holding back from borrowing new ones.

With the private sector not filling the balance of payments gap, the Danish Government has had to step in. After dipping in 1985, Denmark's central government overseas debt reached DKr 118.1bn by December 1, against a total of DKr 98.5bn for 1984. Early redemption of previous expensive borrowing — often wrongly cited as the reason for this year's borrowing upsurge—has also declined. Denmark has prepaid some DKr 11.6bn of debt so far this year, against DKr 18.9bn in 1985 and DKr 37.3bn in 1984. However, the Danes have rejigged slightly the currency mix of their borrowings to reduce overall costs.

The result has been to make Denmark a frequent visitor to the Euromarkets this year. In the past six weeks alone, the country has borrowed $1bn in a fixed rate bond led by Shearson Lehman Brothers; Y16bn in a fixed rate deal led by Nikko Securities (Europe); and Ecu 200m in a two-tier deal just arranged by Banque Paribas Capital Markets.

Denmark's current account problems have hardly deterred syndicate managers. "We feel a number of banks are very happy to make deals for Denmark," says Mr Lars Tybjerg, assistant permanent secretary in the Danish Ministry of Finance. Indeed, the terms Denmark has been able to achieve for its borrowings reflect its credit quality and some strong underlying economic fundamentals as well as the degree of competition among lead managers to win mandates.

That was shown most clearly in early August, when Morgan Guaranty led a $1bn floating rate (FRN) for Denmark on some of the cheapest terms yet achieved for a sovereign borrower. The FRN paid ⅛ point below six-month London interbank bid rate (Libid). Moreover, Morgan Guaranty had arranged an accompanying interest rate swap, reducing Denmark's cost further below Libid. Five other houses had submitted competing transactions.

"We can't complain about the terms we are getting," chuckles Mr Tybjerg. Eurobond dealers might express themselves differently. While the mandate hunters have been keenly trying to track down Danish business —and pushing down spreads accordingly—dealers selling the paper find it harder going. Shearson Lehman Brothers found itself holding a sizeable position at the end of syndication, though it reports consistent demand thereafter.

Matters may soon change. Alarmed by the extent of the balance of payments deficit, the Danish Government is now throttling back domestic growth. Indirect taxes have been raised twice so far this year. In October, the axe fell on direct taxation, with a decision sharply to reduce the degree of taxpayers' relief on interest payments, which had previously been wholly tax deductible.

The upshot of all the Government's measures should be to cut GNP growth to just 0.5 per cent next year and reduce the balance of payments deficit by almost DKr 10bn to DKr 23.5bn next year, according to Copenhagen Handelsbank's calculations.

If its policy proves effective, the Danish Government will have far less need to tap the Euromarkets in this year's volume.

Canadian bank issues mortgage securities

By Bernard Simon in Toronto

CANADIAN Imperial Bank of Commerce has set the ball rolling in an important new segment of Canada's capital markets by offering a C$20.3m issue of mortgage-backed securities insured by the Canada Mortgage and Housing Corporation.

The offering is the culmination of a two-year effort to create an active market in government insured mortgage securities in Canada, similar to the long-established one in the US.

The programme's backers, which include leading securities firms and various government departments, hope to attract new capital to the residential mortgage market as mortgages are packaged into long-term securities.

The five-year CIBC, which is being offered through 17 investment dealers, carries an interest rate of 9.25 per cent.

Swiss group to take majority of Harpener

By John Wicks in Zurich

INSPECTORATE International, the Swiss-owned services company, is to take a majority stake in the Harpener group of West Germany at the end of the year. It intends to take the remainder of Harpener's shares at a later date.

Harpener which has an annual turnover of nearly DM 500m ($248.7m), is active in the energy, transport and property sector and is listed on the stock exchange with a capitalisation of some DM 1bn. It also has a number of participations, including that in Boewe the separately listed company.

Inspectorate International, whose bearer shares and participation certificates were introduced to Swiss exchanges this year, is based in Neuchatel and controlled by Mr Werner Rey, the Swiss financier. Best known for its activities in the field of quality control, the company expects its turnover to reach SFr 1bn ($595m) next year,

£60m equity-linked bond for Thorn-EMI

BY CLARE PEARSON

THORN EMI, the electronics and entertainment group, yesterday became the latest in a string of UK companies which have recently issued equity-linked Eurobonds, with a £60m equity warrants deal led by County NatWest Capital Markets.

The 7¾ per cent five-year bond met a strong initial response from the market. The bond carries warrants which are exercisable into Thorn EMI shares at 555p, as against an opening share price yesterday of 482p, giving a 15 per cent exercise premium.

Yesterday the bond-with-warrants was quoted at a bid price of 101¾, and the warrants at 85p bid.

The issue, which was the first Eurobond issued by Thorn EMI since 1978, followed the company's interim results announced on Wednesday. Thorn EMI said that it was the final part of a refinancing strategy by the company which had included a £100m commercial paper programme.

Morgan Grenfell co-lead the issue.

Elsewhere the Eurobond market traded thinly and without direction. Attention focused on two mortgage-backed issues.

Salomon Brothers International launched an A$50m issue for FANMAC Overseas, a special purpose vehicle of First Australian National Mortgage Acceptance Corporation, which introduced Australian residential mortgages to the Eurobond market for the first time. The 15¼ per cent issue, priced at 100¼ and maturing in June 1992, is serviced by a pool of New South Wales residential mortgages. Any cash flow deficiencies will be made up by the State of New South Wales.

Merrill Lynch Capital Markets launched a CMO (collateralised mortgage obligation) issue for Merrill Lynch Trust VI, a special purpose vehicle. The $200m FRN is secured by 11 per cent Federal Home Loan Mortgage Corporation bonds. It has a final maturity in 2018, but an average life of 3.2 years.

The FRN pays interest at a rate of 50 basis points over three-month London interbank offered rate.

The first was a $100m deal for Dayton Hudson, the US department store chain, which is rated double-A by Standard & Poor's rating agency. The five-year bond was priced with a coupon of 7¾ per cent and issue price of 101⅛ to give a net margin over US Treasury yields of 54 basis points.

The issue, led by Swiss Bank Corporation International, traded at a discount to issue price of about 1¾ per cent, the level of its total fees.

Morgan Guaranty issued a $100m seven-year bond for the European Investment Bank, which is swapping the proceeds into French francs. The 7¾ per

INTERNATIONAL BONDS

cent bond will be interchangeable for trading purposes with an outstanding issue which was launched last November.

Elsewhere in the Eurobond market two deals designed to appeal to pockets of demand in the Far East were launched. Nomura International led a Y20bn five-year bond for Mitsui and Co. The 5 per cent deal, priced at 101⅞, pays interest in yen, but is redeemable in dollars at a fixed exchange rate of $5,764 per Y1m.

IBJ International led a $50m (with a further $50m on tap) "bear" bond for Creditanstalt Bankverein. The deal, which matures in January 1990, has its redemption amount linked by a formula to the performance of US Treasury 7¼ bond 2016, so that the redemption amount rises as the Treasury's price falls.

The 10 per cent issue is priced at 101¼.

Trading in the D-Mark market was quiet and prices were mainly unchanged at the end of the day. A DM 150m 6½ per cent bond for the European Investment Bank, launched on Wednesday, traded at about 99 bid, as against a par issue price.

In the Swiss franc market trading was fairly active. Commerzbank's SFr 125m 4¾ per cent bond closed its first day's trading at 98, compared with a 99¾ issue price.

Peugeot launches L50bn five-year Eurolira issue

BY ALAN FRIEDMAN IN MILAN

PEUGEOT, the French motor group, yesterday became the tenth company to launch a Eurolira bond issue, just 14 months after the market was approved by Italian authorities.

Istituto San Paolo di Torino is lead-managing the L50bn ($36m) five-year Peugeot issue, which carries a 10.25 per cent coupon and an offer price of 99. Among the co-leads are Banca Commerciale Italiana, Credit Lyonnais, Generale, Lazard Freres and Swiss Bank Corporation.

The first Eurolira bond issue was a L100bn deal for the European Investment Bank (EIB) in October last year. This was followed with other issues for United Technologies (L50bn), General Motors Acceptance Corporation (L75bn), Eurofima (L100bn), the EIB again (L150bn), American Telephone & Telegraph (L100bn), Pepsi-Cola (L100bn), the Industrial Bank of Japan (L50bn) and Olivetti International (L70bn).

Bombay SE set to end restrictions on trading

BY R. C MURTHY IN BOMBAY

THE Bombay Stock Exchange, India's largest, is set to remove restrictions imposed on trading last week, as share values surged yesterday. Investment institutions have been main buyers and several blue chips, languishing for the past four weeks, have made substantial gains.

Shares of Reliance Industries —which are taken on record on the London and Honk Kong stock exchanges — rose Rs 10 to Rs 225, influenced by the successful flotation of its Rs 1.32bn ($98.5m) convertible debenture offer to local investors. The BSE index for 30 sensitive shares was up 16 points on Thursday, bringing the total recovery in three days to 45 points, lost in three weeks before the recovery started.

There was sympathetic reaction at other centres and the Calcutta Stock Exchange, which was closed last week, reopened for trading on Monday.

Manny Hanny buys rest of Paris bank

By Our Financial Staff

MANUFACTURERS HANOVER has bought out its minority partners in Manufacturers Hanover Banque Nordique, a Paris-based consortium bank formed to develop Scandinavian business. No price has been revealed for the transaction, which is expected to be completed by the end of this year, subject to official permission.

Manny Hanny has raised its stake from 60 per cent to 100 per cent, buying out the stakes held by four Nordic banking groups, Den norske Creditbank of Norway, Kansallis-Osake-Pankki of Finland, Kjobenhavns Handelsbank of Denmark and Svenska Handelsbanken of Sweden.

HK$250m CD for Dao Heng

DAO HENG BANK plans a HK$250m (US$32m) five-year certificates of deposit issue, reports Reuter from Hong Kong.

The issue, with a put option at the end of the third year, carries interest of ⅛ percentage point over the three-month Hong Kong interbank offered rate. Front end fee is ⅛ per cent.

The lead managers are Standard Chartered Asia and Hong Leong Securities.

Japan to lift brokers' capital

THE JAPANESE Ministry of Finance said it will soon raise minimum capital requirements for brokerage houses because the total value of securities handled by small brokers is increasing, reports Reuter from Tokyo.

The MoF plans to increase the minimum capital to Y300m ($1.85m) from the present Y200m for members of the Tokyo and Osaka stock exchanges, to Y200m from Y150m for members of the Nagoya exchange and to Y70m from Y40m for members of the country's other five exchanges.

N. AMERICAN QUARTERLIES

ATARI CORP. Home computers		
Third quarter	$ 1986	$ 1985
Revenue	59.9m	28m
Net profits	9.1m	†21.5m
Net per share	0.41	†0.11
Nine months		
Revenue	185.5m	76.8m
Net profits	21.5m	†29.2m
Net per share	0.98	†1.31
† Loss.		

BRANIFF		
Third quarter	$ 1986	$ 1985
Revenue	60.7m	67m
Net profits	61,000	8.4m
Net per share	0	0.76
Nine months		
Revenue	178.2m	190.5m
Net profits	†4.6m	24.6m
Net per share	†0.37	2.00

H. J. HEINZ Canned foods		
Second quarter	$ 1986-7	$ 1985-6
Revenue	1.16bn	1.09bn
Net profits	84m	74.9m
Net per share	0.61	0.55
Six months		
Revenue	2.24bn	2.13bn
Net profits	169.7m	156.5m
Net per share	1.23	1.14

HUDSON'S BAY Retailing		
Third quarter	C$ 1986-7	C$ 1985-6
Revenue	1.36bn	1.27bn
Net profits	†19.3m	†11.8m
Net per share	†0.91	†0.72
Nine months		
Revenue	3.81bn	3.5bn
Net profits	†88.2m	†113.7m
Net per share	†3.60	†5.43
† Loss.		

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.
Closing prices on December 11

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Express 7⅛ 93	100	97⅞	98⅛	0	-0⅜	8.03
Australia Com. 11 95	200	116⅛	116½	0	-0⅛	8.24
Australia Com. 11¼ 00	100	†114⅝	115⅛	0	-1½	9.24
BP Capital 9⅛ 94	100	106	106½	+0⅛	-0¼	7.95
British Telecom 7⅜ 96	250	97⅞	98⅛	+0¼	+0⅛	7.98
Campbell Soup 10½ 95	100	113⅛	113½	0	+0⅛	8.29
Canada 9 96	1000	107⅞	108⅛	+0⅛	0	7.76
Canadian Pac. 10¼ 93	100	109¼	109¾	0	-0⅜	8.75
CCCE 7⅛ 91	113	99¼	99¾	0	-0¼	7.28
Chicorp 8¼ 93	200	98⅛	98½	0	0	8.59
Credit Lyonnais 9 91	200	105⅞	106	0	-0¼	7.38
Credit National 9⅛ 93	150	106⅜	106⅞	0	0	7.73
Credit National 7¼ 91	150	99½	100	0	-0¼	7.31
Denmark Kingdom 7¼ 93	250	99¾	100¼	0	0	7.74
Denmark Kingdom 8¼ 91	300	102⅞	103⅜	-0¼	-0¼	7.43
Denmark Kingdom 7 88	1000	100⅜	100⅞	+0½	-0⅛	6.45
EEC 7 91	100	99¼	99¾	0	-0¼	7.12
EEC 8¼ 96	100	103½	104	+0⅛	+0⅛	7.67
EEC 8⅜ 91	150	105⅞	106⅛	+0¼	+0¼	6.88
EEC 9⅜ 90	350	106¼	106⅜	0	-0¼	7.52
EIB 10¼ 94	200	112⅛	112⅝	0	-0⅜	8.08
EIB 12 95	200	124¼	124⅞	-0⅛	-0⅛	7.86
Eurofima 7¾ 91	100	101⅞	102⅛	0	-0⅛	7.24
Export Dev. Cpn. 10 90	100	109⅜	109⅞	0	-0⅛	6.77
Finland 7½ 93	200	99⅛	99⅝	0	+0¼	7.61
Ford Motor Cred. 10½ 91	150	110⅝	111⅛	0	0	7.75
Ford Motor Cred. 11⅜ 90	100	110⅜	110⅞	+0⅛	+0⅛	7.48
Gen. Elec. Cred. 10¼ 00	200	107⅛	107⅝	-0⅛	-0¼	9.25
GMAC 10¼ 89	200	107½	108	0	+0⅛	6.72
GMAC 8½ 93	200	103	103½	-0⅛	0	7.83
Liberty Mutual 8½ 96	150	101¼	101¾	0	-0⅜	8.27
LTCB of Japan 8 91	100	102⅛	102⅝	0	-0⅜	7.36
Merrill Lynch 8¾ 91	100	103¼	103¾	0	-1½	7.87
Mercds.-Benz Cred. 7½ 93	100	100⅝	101⅛	0	-0¼	7.32
Mitsubishi Fin. 7⅞ 93	100	101⅜	101⅞	0	0	7.57
Norway Kingdom 7¼ 91	500	100¼	100¾	0	-0¼	7.11
Pepsico Inc. 7⅜ 93	200	98	98½	+0⅛	-0⅛	7.72
Philip Morris 7½ 91	100	99⅛	99⅝	0	-0¼	7.65
Qantas Airways 10⅜ 95	140	112¼	112¾	0	0	8.27
Queensland Govt. 10¼ 95	100	110⅛	110⅝	0	-1	9.43
Ralston Purina 11¼ 95	150	†115⅛	115⅝	+0⅛	-0⅛	9.04
Saab Scania 9½ 91	125	105⅞	106⅜	0	0	7.72
Saskatchewan 10¾ 92	100	113	113½	+0⅛	+0⅛	7.57
State Bk. S. Aust. 9¼ 93	100	105⅞	106⅜	0	-0⅛	7.97
Statoil 10 90	170	108⅜	108⅞	+0⅛	0	7.22
S. Wales Try. 11¼ 90	150	112⅜	112⅞	-0⅛	-0⅜	7.37
Swed. Exp. Cred. 10 92	100	110⅞	111⅜	0	-0½	7.43
Sweden 8¾ 96	200	105⅝	106⅛	0	-0¼	7.83
Sweden 10¼ 92	250	112⅝	113⅛	0	0	7.49
Sweden Kingdom 10⅞ 90	200	111⅜	111⅞	0	+0⅛	6.92
Sweden Kingdom 7 91	250	99⅜	99⅞	0	+0⅛	7.15
Toyota Motor Cred. 8 89	100	103	103½	0	-0¼	6.54
Victorian Rep. 11⅝ 92	150	115½	116	0	-0¼	7.92
World Bank 8½ 16	150	†99½	100	+0⅛	0	8.52
World Bank 9¼ 16	300	†102½	103	0	-0¼	8.97
Xerox Credit Corpn. 7 91	100	99¼	99¾	0	-0¼	7.19
Yasuda Trust Fin. 8½ 93	100	102⅞	103⅜	0	0	7.88
Average price changes on day 0 on week -0⅛						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	108⅝	109⅛	-0⅛	0	6.50
Austrian Elec. Co. 6½ 95	150	100⅝	101⅛	+0⅛	+0⅛	6.36
BMW 5¾ 96	200	92½	93½	0	+0⅞	6.25
Daimler Benz Int. 5⅞ 01	500	93¾	94¼	+0¼	+0⅞	6.42
Dow Chemical 5⅝ 96	300	94⅝	95⅛	+0¼	+0⅜	6.32
Dow Chemical 6⅞ 95	300	102⅞	103⅜	+0⅛	+0⅛	6.24
EIB 5½ 98	150	92⅞	93⅜	0	-0⅛	6.33
EIB 6⅞ 95	300	103¾	104¼	0	-0⅛	6.24
EIB 7¼ 94	300	105⅝	106⅛	0	+0⅛	6.33
Emhart Corpn. 6¼ 95	175	101⅞	102⅜	+0⅛	+0⅛	6.42
Eurofima 6¼ 96	100	100⅞	101⅜	0	+0⅛	6.14
Ex.-Im. Bk. Korea 7⅜ 90	100	103⅞	104⅜	0	+0⅛	6.28
Finland Republic 7 92	200	103⅞	104⅜	0	+0⅛	6.08
Hoesch Intl. Fin. 7 95	100	101⅞	102⅜	+0¼	+0⅛	6.71
Hydro Quebec 5½ 96	125	†94⅝	95⅛	-0⅛	+0½	6.19
Hydro Quebec 6 16	150	†86⅞	87⅜	-0½	-0⅞	7.07
IBJ 5⅜ 96	200	96	97	+0¼	+1	6.12
Ireland 8⅛ 92	150	106⅞	107⅜	-0¼	-1⅞	6.46
US Elsam 6⅞ 93	125	†100⅞	101⅞	+0⅛	-0⅛	6.50
Korea Dev. Bank 6⅝ 93	100	98½	99½	0	+0⅛	6.81
Mitsubishi M. 3⅛ 89 WW	100	105½	106½	0	+0⅛	1.10
Mitsubishi M. 3⅛ 89 XW	100	†95½	96½	+0⅛	+1½	4.57
Renfe 7¾ 95	100	†105½	106½	+0½	-0½	6.72
Soc. Cent. Nuclear 7¼ 95	150	100⅞	101⅞	+0⅜	+0⅜	7.02
Soc. Cent. Nuclear 8 91	100	104⅝	105⅝	-0½	-0⅛	6.64
Steweag 5½ 96	100	93	94	0	+0⅛	6.44
World Bank 7 95	600	104¼	105⅛	0	-0¼	6.29
Yorkshire Intl. 6¼ 01	200	†91	92	+0½	+0¼	7.21
Average price changes on day +0⅛ on week +0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5⅜ 96	100	†101	101½	0	0	5.47
Amer. Corp. 5¼ 01	200	†91½	92	0	0	6.11
Baker Int. 4⅞ 96	200	†89	90	+1	+1⅞	5.65
Carlsberg 5 96	80	†102½	102¾	0	+2¼	4.66
Chujitsuya 5¼ 94	50	*†102½	102¾	0	0	4.95
Deutsche Bk. Fin. 5¾ 95	100	†105⅛	105⅝	-0⅛	-0½	4.93
Gen. Occidentale 4⅞ 94	80	†136	136½	-1¼	+12	-8.01
Glendale F. S. & L. 5½ 95	100	†99½	99¾	-0½	-1	5.55
Humana 5⅜ 98	120	†96	96¼	-1	-1	5.60
Ireland 5⅛ 94	150	†101¼	101½	+0½	0	4.90
Japan Dev. Bk. 5⅛ 97	100	†102½	102¾	+0⅛	-0¼	4.80
Oberos. Kftwk. 5⅜ 95	100	†102	102½	-0½	-1	5.05
Olivetti Intl. 5½ 95	100	†103	103¼	-0½	+0½	5.04
Pepsico 5¾ 95	130	†103½	103¾	+1	0	4.71
Phibro-Salomon 5⅛ 97	210	†100	100¼	-2	-0½	5.11
Ralston Purina 5⅜ 94	125	†103¾	104	+0⅛	+2	4.77
Settsu Euro. 0 01	100	†44½	44¾	0	0	5.83
US Steel 5¼ 96	200	†90	90½	0	+6	6.69
USX Corpn. 5⅜ 98	100	†93¾	93½	-0¼	-0¼	6.58
World Bank 5¼ 94	150	†100¾	104	0	-0⅛	5.15
Average price changes on day 0 on week +1						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Expr. OS Cr. 5⅞ 91	20	100⅞	101¼	+0¼	+0⅛	5.68
Denmark 6⅛ 96	10	103⅝	104⅛	+0¼	0	5.82
GMAC 5⅜ 91	60	98⅞	99⅜	+0¼	0	5.77
EIB 6⅛ 96	25	101⅞	102⅜	+0⅛	-0¼	5.82
Sweden, Kingdom 5⅞ 95	20	98⅞	99⅜	+0⅛	0	5.79
Average price changes on day +0¼ on week 0						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AB Electrolux 14½ 90 A$	50	100	101	-0½	-0¼	13.97
Austil Fin. 14¾ 90 A$	40	97⅛	98⅛	-0¼	-1⅛	15.46
Bremer Ldsbk. 12¾ 91 A$	30	98½	99½	0	-0¼	13.09
Fiat Finance 14½ 89 A$	50	101⅛	102	-0⅛	0	13.51
GMAC 12⅞ 89 A$	40	97⅛	98⅛	0	-0⅞	13.73
Landsbk. Rhein. 13 89 A$	30	96⅛	97⅛	0	-0½	14.56
Canadian Pac. 10⅜ 90 C$	75	†106¼	107¼	0	+0⅜	8.24
Chrysler Corpn. 10 91 C$	75	†102⅞	[illegible]	0	+0⅛	9.48
Genstar Fin. 11¾ 95 C$	75	†104⅛	105⅛	0	+0⅛	10.89
GMAC 9¼ 92 C$	75	†104½	105	0	+0¼	8.11
Royal Trustco 10⅛ 90 C$	75	†105⅛	105⅝	0	+0¼	8.72
Sears Acc. 10⅝ 92 C$	75	†106⅞	107⅜	+0⅛	+0½	8.98
Coca-Cola F. C. 17 90 NS	75	105	105¾	+0⅜	+0⅞	14.92
Denmark 17½ 89 NS	50	†104¼	105¼	+0¼	+0¼	14.58
Unilever Cap. 17½ 89 NS	50	104⅛	104⅞	0	+1	15.30
Copenhagen City 9 95 Ecu	40	101⅝	102⅛	0	-0⅛	8.69
EIB 8⅝ 93 Ecu	100	105⅜	105¾	+0⅞	+0⅝	7.48
Walt Disney 8¾ 94 Ecu	62	104⅛	104⅝	+0⅛	-0⅛	7.92
Honda Mtr. WW 3⅞ 90 Fl	100	107⅜	107⅞	0	-0⅛	1.47
Honda Mtr. XW 3⅞ 90 Fl	100	93⅛	93⅞	-0⅛	-0¼	6.07
Thyssen 7¼ 90 Fl	50	103⅛	103⅝	-0⅛	-0⅛	6.19
Wereldhave 7½ 90 Fl	75	104⅛	104⅝	-0⅛	-0⅛	6.11
Wessanen 6¾ 90 Fl	50	102⅛	102⅝	-0⅛	-0⅛	6.02
Australia Com. 11 92 £	40	†96½	97	+0⅛	+0¼	11.82
GMAC UK Fin. 10½ 90 £	30	98⅝	99⅛	0	+0⅛	10.85
Imp. Chem. Inds. 10 03 £	100	92⅜	92⅞	+0⅛	+0½	10.97
Imp. Chm. Inds. 10¾ 92 £	75	†96½	97	+0⅛	+0¼	11.53
Invst. in Inds. Int. 10 93 £	60	†93¾	94¼	+0½	+1	11.35
Leeds Bldg. Soc. 10½ 91 £	50	95⅛	95⅝	+0⅛	+0½	11.90
McDonalds 10⅞ 90 £	40	†98	98½	+0⅛	+0¼	11.48
Nationwide BS 10⅛ 93 £	75	92⅛	92⅝	+0¼	+0⅝	11.88
NSW Treasury 10⅝ 92 £	50	†94	94½	+0⅛	-0⅛	12.02
Royal Insce. 10¾ 92 £	60	98	98½	+0⅛	+0½	11.18
J. Sainsbury 10⅞ 93 £	60	96¾	97¼	+0¼	+0⅛	11.58
Trusthouse Forte 11⅛ 90 £	50	†97¾	98¼	+0⅛	+0⅛	11.84
World Bank 11¼ 95 £	100	102	102½	+0¼	-0½	10.80
CoE 8⅞ 95 LFr	600	†105	106	0	+0⅝	7.98
EIB 8⅝ 93 LFr	1000	†104⅝	105⅜	+0⅛	-0⅛	7.54

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bldg. £ 94	0.08	99.28	99.33	20/01	10.08
Australia & NZB Perp.	0.025	97.17	97.34	30/10	6.15
Barclays Bank Perp. 1	0¼§	100.05	100.22	2/01	7.06
Barclays Bank Perp. 2	0¼§	99.33	99.50	17/02	[illegible]
Belgium, Kingdom of 92	0	100.34	100.44	19/02	6.06
BNP 5¼ 95	0.05	†101.63	101.73	12/01	6.8
Britannia 5 93 £	0⅛	99.49	99.55	8/01	10.19
Chase Manhattan Corpn. 91	0⅛‡	99.99	100.09	20/02	6.12
Citicorp 98	0⅛	99.51	99.61	28/11	7.19
Credit Lyonnais 5 00	0⅛‡	100.77	100.87	12/01	6.81
EEC 3 92 DM	0	100.20	100.26	12/01	4.44
EEC 5¼ 93 Ecu	0.0312	99.82	99.92	30/01	7.66
Halifax Bldg. Soc. £ 94	0.1	99.31	99.36	6/02	10.54
Lloyds Bank Perp.	0¼	100.25	100.50	9/02	7½
Midland Bank 01 £	0.1	99.28	99.37	9/02	10.6
Milk Mrktg. Board 5 93 £	0⅛	99.54	99.59	29/12	10.68
NatWest Perp. A	0¼§	100.4	100.45	9/01	6.94
NatWest Perp. B	0¼§	100.25	100.48	10/02	6¼
New Zealand 5 97 £	0.07	99.70	99.80	14/08	10¼
New Zealand 5 01	0	100.32	100.42	4/02	6.19
Prudential Corpn. 4 95 £	0.1	[illegible]	[illegible]	[illegible]	[illegible]
Shearson Lehman [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
United Kingdom [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Woodside Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Woolwich 5 95 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes on day [illegible] on week [illegible]					

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fanuc 3¾ 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fuji Bank 2¼ 0[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fuji Heavy Inds [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu 3 99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minolta Camera [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Trust [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsui Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsui Trust [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Murata 3½ 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Elec. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Oil Co. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oki Elec. Ind. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sanwa Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toshiba Ceramics [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Oil Co. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Shinpan [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asics 5 92 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

MHI shipbuilding workforce to be cut

MITSUBISHI HEAVY INDUSTRIES (MHI), Japan's biggest shipbuilder, said yesterday it plans to close two of its shipbuilding berths after next April because of a lack of orders, Reuters reports from Tokyo.

The news follows an announcement by Sumitomo Heavy Industries (SHI), another major Japanese shipbuilder, that it plans to cut its workforce by 22 per cent by the end of March next year.

MHI said it will close berths at its Shimonoseki and Kobe yards, equal to about 105,000 dwt of shipbuilding capacity. The closures are partly in line with Government requests to cut the Japanese shipbuilding industry's capacity by 20 per cent by the end of March 1988.

The company's shipbuilding workforce will be cut by 31 per cent to 4,900 in 1989 from the present level of 7,100 by transferring some staff to other divisions in MHI.

SHI, meanwhile, said it was forced to cut its workforce to 5,900 because the strength of the yen had worsened the effects of the global slump in shipbuilding on Japanese producers.

The company said in January it planned to cut its workforce by 300 in response to the industry's problems. It said, however, that the rise in the yen had since deepened the company's problems.

Under SHI's retrenchment plan, workers will be urged to take early retirement in return for preferential retirement allowances. The job cuts will mainly affect the company's shipyards and heavy machinery plants, SHI said.

Nippon Kokan in scheme to reduce working hours

NIPPON KOKAN, the Japanese steel company, yesterday presented its unions with a plan to reduce working hours at one of its plants by having workers stay at home for up to five days a month with reduced salaries, AP-DJ reports from Tokyo.

If the plan is accepted by the unions it would affect 11,000 employees, including management officials at Nippon Kokan's Keihin steel plant near Tokyo. The move is being considered as cuts in production are expected to begin early next year, the company said.

Keihin plant workers would take a compulsory holiday of between one and five days each month at 80 per cent of their base salaries. The plan would begin on February 1 1987 for an indefinite period, Nippon Kokan said. If workers take more than five days off, they would receive 90 per cent of their pay from the sixth day on.

Like other leading Japanese steel manufacturers, Nippon Kokan has been hit by sluggish demand both in Japan and overseas. The company said this stems partly from the impact of the strong yen on export prices.

Nippon Kokan said it needs to cut the plant's workforce by 800 to 900 a month due to an anticipated fall in demand for seamless pipe and steel plate in early 1987.

Sales drive by Japanese musical instrument maker

NIPPON GAKKI, the leading Japanese musical instrument maker, said yesterday it is to launch a worldwide sales promotion drive in January to counter the effects of the strong yen and to increase its market share, Kyodo reports from Nagoya.

Two regional headquarters will be set up in the US and Europe to oversee sales operations, the company said. Four head offices will also be established in Japan, the US, Europe and Asia.

The US headquarters will be at the company's Yamaha International sales base in Buena Park, California.

When the new office opens Yamaha International will be disbanded and replaced by a new sales company, Yamaha Music Corporation.

Four production and sales subsidiaries will also be under the supervision of the US headquarters, called Yamaha Corporation of America.

First-half rise in earnings at Mitsui

By Yoko Shibata in Tokyo

MITSUI, the leading Japanese trading company, has announced that half-year net profits to September rose by 35.6 per cent over the same period last year to Y2.8bn ($17.2m).

Operating profits fell 20.2 per cent to Y28.69bn, while interim sales declined by 23.5 per cent to Y7.04bn.

The rise in the value of the yen against the dollar cut deeply into Mitsui's sales in yen terms, while the sharp fall in oil and other energy prices cut the value of oil and gas imports into Japan and of energy traded between third countries.

Exports accounted for Y1.463bn of Mitsui's turnover in the period reported, up 1.9 per cent from the previous year. Imports accounted for Y1.103bn, down 46.8 per cent.

Despite the drop in sales and operating profits, Mitsui managed to report a higher net income thanks to an improvement on the balance of financial items, due to reduced debts and lower interest rates.

Group earnings were also improved by efforts to cut expenses and by reduced loan loss reserves.

Santos launches A$201m counter-bid for Vamgas

BY OUR FINANCIAL STAFF

SANTOS, the Australian oil and gas company, has announced a A$201m takeover bid for Vamgas, a fellow participant in the Cooper Basin oil and gas project in Queensland.

Santos's A$3.00 a share bid is a counter offer to an earlier formal bid by National Mutual Life Assurance of Australasia, Australia's second biggest insurance office, of A$2.80 a share.

Vamgas said it has been told by its majority shareholder, Woodside Petroleum, that it will make no decision on the Santos offer until near its January 28 closing date. Woodside holds 50.6 per cent of Vamgas's 67.2m issued shares.

In November, Woodside said it would accept the NML bid, which has been twice enhanced from an original offer of A$2.25 a share cum-dividend in August, in the absence of a better offer. Mr Ian Ferres, NML's general manager, said his company does not plan to increase its bid.

Vamgas has about 8 per cent of the gas and liquid projects in Cooper Basin, South Australia, compared with Santos' 45 per cent. Vamgas also holds between 6 and 8 per cent stakes in producing oil and gas fields plus exploration interests in the Cooper-Eromanga Basin of south-west Queensland, said Santos.

Santos's bid, if successful, would take its ownership of the Cooper Basin fields over 50 per cent. The company said a takeover of Vamgas would rationalise the ownership structure of the oilfields, cutting costs and allowing Santos to accelerate exploration efforts.

Separately, Santos said yesterday it has accepted an offer from the Government of Papua New Guinea of an exploration area adjoining the permits containing the Iagifu oil find and the Juha gas-condensate discoveries.

The company said the area contains leads which will be pursued by surface geological surveys, aerial photography and topographical and seismic work.

BBK plans BD 54m share offer

BANK OF BAHRAIN and Kuwait (BBK) announced yesterday that its board had approved the issue of 54m Bahrain dinars ($143m) in new capital and accepted the resignation of its general manager, Reuter reports from Bahrain.

Net income of the Bahrain-based bank fell 32 per cent in 1985 to BD 7.8m. Earlier this year, the bank secured a guarantee from its Kuwaiti shareholders which, in agreement with the Bahrain Monetary Agency, allowed BBK to avoid making provisions on possible loan losses estimated at BD 54m.

The guarantee was a stop-gap measure valid until December 15.

The BBK statement said new shares would be issued to the value of BD 54m by public subscription over a period of two weeks. The shares, with a face value of BD 1, are being offered at BD 1.2 each. Bankers in Bahrain say this is close to the current market level.

The statement said the board had accepted the resignation of Mr Paul Francis, the bank's general manager. Mr Murad Ali Murad, currently general manager of Saudi National Commercial Bank in Bahrain, will take over as general manager and chief executive of BBK on January 1.

UK COMPANY NEWS

BT rings up £504m profit in second quarter

BY DAVID THOMAS

British Telecom's pre-tax profits for the second quarter to the end of September increased by 11.5 per cent to £504m from £452m in the same period of last year.

Sales were up 15.6 per cent to £2.36bn (£2.04bn) in the second quarter.

These figures mean that pre-tax profits for the half year to the end of September also rose 11.5 per cent to £1bn (£902m) on sales of £4.61bn (£4.05bn). Excluding sales of £132m by subsidiary companies acquired since the first half of last year, turnover grew by 10.7 per cent.

Earnings per share increased by 19.4 per cent to 5.1p (4.3p) in the first quarter and by 20 per cent to 10.2p (8.5p) in the first half.

The company declared an interim dividend of 3.35p (3p), giving dividend payments of £201m.

Mr Graeme Odgers, BT deputy chairman, said: "We're making progress, but a lot is still to be done."

The results were generally in line with market expectations.

Sales from telephone calls were 9.4 per cent up in the first half at £2.42bn (£2.21bn). Inland call volume increased by 7 per cent and international call volume, which has higher margins than domestic, by 11 per cent.

Rental income in the first half increased by 13.8 per cent to £1.51bn (£1.33bn). The company would not be drawn on how much this was due to price increases, but said it also reflected strong growth in private circuits, particularly in the City.

The company's biggest increase in costs fell under the category "other operating costs" which were £1.09bn in the first half, up £204m, of which £78m was due to new subsidiaries.

Mr Odgers said that BT would continue to expand outside its core operations, which would necessitate other restructuring costs in future. It would also continue to spend heavily on marketing and computers, but growth in these costs would not be as steep as in the recent past.

Mitel, the Canadian equipment manufacturer in which BT acquired a 51 per cent stake in March, had required heavier rationalisation than foreseen and had contributed to a £51m charge to group reserves.

The company expected its investment programme would cost £2.1bn this year, which it would mainly fund from its own resources. After allowing for dividend and tax payments in the second half, its cash flow would be broadly neutral over the year as a whole.

Overall, BT's operating profit was £569m (£518m) in the second quarter and £1.14bn (£1.04bn) in the first half. Included in the first half figure were £14m losses from newly-acquired subsidiaries.

In the second quarter, after allowing for £65m (£66m) interest and £183m (£181m) tax, profit on ordinary activities was £321m (£271m).

See Lex

Ward White raises bid for LCP to £173m

By Nikki Tait

Ward White, the acquisitive retail group, yesterday produced the widely-expected increase in its bid for LCP Holdings, the Midlands-based company whose interests range from industrial property in the UK to car parts retailing in the States. The new offer—which Ward White says is final—values LCP at £173.2m, compared with £141m under the old terms.

As soon as the new terms were announced Ward White's advisors, Morgan Grenfell, were in the market for LCP shares, increasing the stake held by the company and its associates from just over 8 per cent to 14.9 per cent by lunch-time, and to 29 per cent by the day's close. At the first closing date, Ward White received acceptances in respect of just 0.4 per cent of LCP's shares.

The increased offer, however, was immediately rejected by LCP, who said that it would be writing to shareholders shortly. Commented Mr David Rhead, chairman of LCP: "The bid stretches Ward White to breaking point in an attempt to acquire a business which it does not know how to manage."

Under the new terms, Ward White is offering LCP shareholders three new Ward White shares plus 11 convertible redeemable preference shares for every 10 LCP held. In the earlier offer, the exchange of ordinary shares was the same but the number of convertible preference shares was only 7.5. Full acceptance and conversion of the paper offer would result in the issue of 54.8m Ward White shares, compared to the existing 91m shares in issue.

With Ward White ordinary shares down 4p to 290p yesterday, and the preference 4½p lower at 112p, that values each LCP share at 210. There is also an increased cash alternative of 200p—compared with 180p under the previous offer — which has been fully-underwritten.

Yesterday, LCP shares rose 9½p to 196½p on news of the higher terms.

Commenting on the new bid terms, Mr Philip Birch, chairman of Ward White, said the final offer valued LCP at "a very full" 21 times forecast earnings for the current year.

The offer closes on December 27th.

GUS above expectations at £134m

Great Universal Stores, the mail order, retail and financial services group, yesterday exceeded City expectations when it posted a 16.5 per cent increase in pre-tax profits for the first six months to September 30 1986.

The £134.4m outturn included a contribution of £1.9m in property profits, against £400,000 last time. It was achieved on turnover up 7 per cent at £1.12bn.

Sales, however, were affected by deals made during the year by which Harris Queensway took over the running of Times Furnishing and Home Charm in exchange for a 23 per cent take in its equity and by which GUS and combined English Stores agreed to run the Paige Fashion Group through a jointly owned company.

The amount included in turnover for these companies for the first half of this year was £46m, but in 1985 it was £114m.

GUS 'A' shares, ended the day up 5p at £16.10. The ordinary shares rose 37p to £14.50.

The profits total does not include any contribution from GUS's stake in Harris Queensway. The board said that the six months figures of Harris Queensway to January 31 1987 would be included in the accounts for the GUS year ending March 31 1987.

Profits of Times and Home Charm are included for the four months to July this year.

In their trading review the directors said that catalogue operations, which increased their share of the after-tax profits from 49.2 per cent to 51 per cent, had showed a satisfactory improvement over last year.

The financial, property and business information services division continued to make progress. It had expanded its range of consumer and business information services both at home and overseas.

The contribution of shops and rental income from shops fell from 12.2 per cent to 10.5 per cent. The board said that Burberrys had been affected in the UK by the fall in the number of visitors.

Products were growing, however, and exports were improving. It was planned to open further overseas retail outlets.

In a breakdown of after-tax profits by geographical area, the UK made 71 per cent (73.4 per cent), Western Europe 6.8 per cent (5.7 per cent), North America 10.5 per cent (12.5 per cent), Africa 2.7 per cent (2.1 per cent) and the Far East and Australia 3.1 per cent (3.3 per cent).

After tax of £46.5m (£43m), minorities, and preference dividends unchanged at £100,000, attributable profits were £87.8m (£72.2m).

Earnings per share were 34.4p (28.7p) excluding property profits, and 35.1p (28.8p) including the same. The interim dividend was lifted by 1p to 8p.

See Lex

Dee's interim profits expand to £78m

COMPARED WITH a restated £60m, taxable profits of the Dee Corporation, retail, and cash and carry distributor, expanded to £78.21m for the 28 weeks ended November 8 1986, although this was some £3m below City expectations.

Excluding VAT, turnover went ahead from £2.05bn to £2.46bn while trading profits came out at £82.71m, against £61.57m. Pre-tax figure was after much higher interest of £4.5m (£1.5m).

The directors stated that all of the group's operations were progressing well and very much as planned. While it was too early to fully assess the success of its major recent acquisitions, "all the evidence to date suggests that we will not be disappointed."

A breakdown of the trading profit figure shows: Retail Gateway £71.98m (£56.3m); Wellworth £4.42m (£3.85m); Cash and carry—£5.32m (£2.47m) making UK total of £81.62m (£62.63m). Spain contributed £1.02m (£487,000) and US £1.66m (nil). Central costs took £1.6m (£1.55m).

After tax of £16.5m (£10.93m) earnings are shown as 7p, compared with 6.6p, while the interim dividend is lifted to 3p (2.8p) net per share—last year's final payment was 4.4p, from pre-tax profits restated at £126m.

The directors pointed out that the restated figures included recently-acquired Fine Fare based on its audited accounts for the period ended March 29 1986 as adjusted to Dee's financial year and accounting policies. No amount is included from Herman's as this was treated on an acquisition accounting basis—sales for the 1985 six months were £142m and £305.6m for the year.

They added that the development programme at Gateway, which entailed adding a total sales area of 1.3m sq ft within the current year, was proceeding as planned. The Wellworth operations in Northern Ireland continued to trade successfully, while Linfood Cash and Carry continued to make excellent progress.

● comment

Persuading shoppers that Dee's Gateway stores are the place to go is nothing like the problem of changing the company's image in the stock market. The group's profligacy with paper has so upset the City that the shares are languishing on a miserable rating. The US acquisition has added great seasonality to profits. And though Dee is making great strides with the integration of Fine Fare it never disguised the fact that the process would take years not months. Dee has, elsewhere, amply demonstrated its ability to get results. Meanwhile Dee's own expansion rate, adding 1.3m sq.ft. of selling space to Gateway this year, 0.75m next and 1.1m the year after, is faster than its rivals. Even so gearing will stay low—partly because of all the new shares issued. Profits this year should approach £200m, against a restated £126.5m, giving a p/e of 11 with the shares down 8p yesterday at 201p. Next year's multiple might be under 10 but it is hard to persuade shareholders already stuffed with paper that the shares are cheap.

Notts Brick lifts profit 11%

BY PHILIP COGGAN

Nottingham Brick yesterday revealed pre-tax profits for the year to September 30 11.7 per cent higher at £2.71m (£2.43m) and rejected a merger with Steetley saying it would "not be in the best interests of shareholders or customers."

Steetley, a Midlands construction group, announced that it was involved in merger talks with Nottingham on Wednesday last week but Nottingham's chairman, Mr John Hall, said that the two groups had met only twice.

A further meeting was due between the two sets of advisers but Mr Hall saw it only as an attempt to "finalise the matter."

Nottingham is a producer of high quality facing bricks, in vogue with post-modernist architects, and is a tempting target for Steetley, which earns around a third of its profits from bricks.

Any merger of the two companies would make Steetley almost as large as Hanson Trust's Butterley, the UK's biggest producer of facing bricks.

Poor weather in February and March held back Nottingham's progress last year but a new Kiln was added at Dorket Head, producing an extra 450,000 bricks a week and the company is confident of a much improved performance this year.

Deliveries of bricks in the first two months of the current year were over 30 per cent up on last year's levels.

Turnover for the year was 8.8 per cent higher at £11.7m and after cost of sales of £7.02m (£6.68m), distribution costs of £934,000 (£824,000) and administrative expenses of £1.04m (£894,000), operating profit was £2.71m (£2.36m).

Deducting interest payable of £4,000 (receivable £64,000) and tax of £673,000 (£978,000) left earnings per share of 18.84p (13.76p). The final dividend is being increased to 6p (4.5p), making a total of 8p (6.5p).

● comment

Nottingham Brick seems resigned to a takeover battle—the directors produced new photographs yesterday in preparation for the media coverage—but although it might have difficulty fighting off a group some ten times its size, these figures have at least ensured the eventual price should be high. Whereas the arguments for a takeover look good from Steetley's perspective—facing bricks are the industry's growth area—it is difficult to argue that Nottingham's current management is doing anything wrong. With orders good so far this year, pre-tax profits should hit around £3.5m, putting the shares, at 305p up 10p, on a prospective p/e of 13. Although there is already a bid premium built in, Steetley would have to pay another 30-40p on top, which even with Nottingham's decades of clay reserves, makes any deal look distinctly expensive.

All-round improvement for RHP

RHP, the precision engineering group, lifted its pre-tax profit by 60 per cent from £11.1m to £17.7m in the year to October 3, 1986. Group turnover moved ahead from £128.3m to £164m.

Mr David Ewart, the chairman, said that there were improved performances from the UK activities during the year.

RHP's bearings interests contributed profit of £10.5m (£8.6m) on turnover of £90.5m, up from £88.2m last time; the electrical sector made £8.5m on £68.4m, compared with £3.5m on £35.3m; and the fasteners sector moved profit ahead from £518,000 to £596,000 on turnover up from £4.8m to £5.1m.

Mr Ewart said that in the electrical sector, Muirhead, which RHP had acquired in June 1985, had made substantial progress during the year while the group's major acquisition in 1986, Graviner, had performed strongly.

However, profit from the overseas subsidiaries had declined due to unfavourable exchange rate movements.

The chairman added that the success of all business sectors had consolidated the group's strong financial position, with an increase in return on capital employed and reduced borrowings.

He told shareholders that against this background RHP intended to continue with its strategic plan of acquisitions to achieve a more broadly based group which would provide both sability and growth.

RHP benefited from extraordinary credits amounting to £1.65m (£15,000) which resulted fro mthe profit on the sale of Muirhead Data Communications. Tax charges rose from £2.4m to £4m and earnings per 25p ordinary share worked through at 18.5p (17.1p). The directors propose a final payment of 3.1p (2.6p), making 5p (4.25p) for the year.

● comment

RHP's £6.5m profits leap shrinks to around £2m once acquisitions are stripped out. Muirhead is in for the full year, compared with four-months last time, and the Graviner and Deugra companies, bought from Allegheny for paper last February, make a four-month contribution; together thse acquisitions added around £4m pre-tax. Even so, the underlying 23 per cent profits advance is more than creditable—with the still-dominant bearings business benefitting from further cost-cutting on the industrial front, and with RHP Precision and RHP Aerospace seeing sales growth of 25 and 30 per cent respectively. Equally welcome is the reduction in net gearing to around 6 per cent. That, coupled with strong cash flow, should allow the "strategic plan for acquisitions"—probably on the electrical engineering front—to roll ahead. The big minus is the tax charge which, in the absence of any acquired losses, will rise to the full 35 per cent next year. Even if RHP were to make around £22.5m in 1986-87, that could produce a small reduction in eps—which is why the shares greeted yesterday's profits news with a 7½p fall to 167p, putting the prospective p/e at a touch under 9.

Sidlaw falls to £3.4m: dividend cut 3.5p

THE EFFECT of falling oil prices had a greater impact on the oil services division of the Sidlaw Group in the second six months of the 1985-86 year than the directors had envisaged.

As a result, group profits for the 53 weeks to October 3 slumped from £6.26m to £3.37m pre-tax. The final dividend is being cut by 3.5p, leaving shareholders with a 5p net total against last time's 9p.

Although profits at the mid-year stage were showing a downturn of £1.09m the directors said at the time that prospects for the second half did not indicate a further deterioration and it was their intention to maintain the dividend for the year.

Negotiations are taking place for the sale, in whole or in part, of the microsystems business as a going concern.

Group turnover for the 53 weeks rose to £60.62m (£58.35m). Earnings worked through at 9.93p (15.84p) after tax of £1.31m (£2.96m).

In all, extraordinary charges totalled £4.21m (£639,000) and left an attributable loss of £2.14m (profit £2.66m).

Profits from oil services fell from £5.2m to £3.09m.

Avon rights to raise £10.8m

BY ALICE RAWSTHORN

Avon Rubber, the tyres and industrial polymers group, yesterday announced a 35 per cent increase in pre-tax profit to £6.08m for its last financial year and unveiled plans for a one-for-four rights issue to raise £10.8m in order to refinance past acquisitions and to fund future expansion.

In the last year or so Avon has invested around £6m in acquisitions. The capital raised by the rights issue will eradicate borrowings and enable the company to embark upon further acquisitions, all in related areas of activity.

Through the rights issue Avon will release 3.33m new ordinary shares at 335p a share. Its share price fell by 24p to 366p yesterday. The rights issue has been underwritten by the merchant bank, Brown, Shipley, with Hoare Govett acting as the stockbroker.

The growth in profits for the year to September 27 was achieved after an improved per formance in almost every area of activity. Earnings per share increased to 40.6p (30.3p) and the board proposes to pay a final dividend of 4.0p (3.5p).

In the tyre manufacturing division, turnover rose to £54.9m (£48.4m). The performance from Motorway, the tyre distribution division, fell below expectations and turnover slipped to £75.5m (£76.0m). Operating profits for both divisions rose to £4.9m (£3.6m).

Industrial polymers fared well increasing turnover to £47.6m (£41.6m) and operating profits to £3.7m (£2.6m). Avon Inflatables suffered, however, because of a downturn in military activity and adverse exchange rates. Turnover rose to £9m (£8.1m) but operating profits fell to £80,000 (£700,000).

The company sold the Avon Lippiatt Hobbs companies to management buy-out teams in August. Their contribution, for ten months, amounted to £19.1m (£23.9m) in turnover and a loss of £60,000 (profits of £200,000). The loss on this disposal combined with rationalisation costs is reflected in an extraordinary item of £1.84m.

The board anticipates "substantial development" in the current financial year.

● comment

It is a testimony to how far and how fast Avon Rubber has grown that it is raising more from this one-for-four rights issue than it did from a one-for-one two years ago. Yet it is tempting to conclude that Avon's growth has only just begun. After the debacle of the early 1980s the company has retreated to niches of the tyre market, where margins are plumper and it can outmanoeuvre the multinationals. Further advances can be expected once the efficiency programme at Melksham is completed. Motorway is being polished up by remodelling 50 of its 200 units into slicker *Kwik-Fitesque* outlets. But it is industrial polymers and in projects like the Bell Avon US joint venture where the real potential lies. The advance in profits to £9m or so in the current year will be dampened by Avon's graduation to the ranks of the tax payers. Yet the prospective p/e of 9 scarcely reflects the group's potential.

Yellowhammer record

Yellowhammer, the USM-quoted advertising agency, returned record pre-tax profits up from £620,000 to £713,000 for the six months to September 30 after winning the International Advertising Festival Grand Prix in New York and a £5m campaign for the Manpower Services Commission.

Turnover rose 55.6 per cent from £12.46m to £19.4m.

Mr John Summerill, chairman and managing director, said he was confident the group would continue to perform at record levels for the rest of the year.

The public relations and typesetting subsidiaries formed earlier this year moved quickly into profit and are growing faster than originally expected, he said.

Tax of £266,000 (£279,000) left an attributable profit of £447,000 (£341,000). Directors have declared dividend unchanged at 0.6p.

Trust floated for leveraged US buyouts

BY RICHARD TOMKINS

THE PROSPECTUS is published today for the first UK investment trust to specialise in leveraged buyouts in the US.

Mezzanine Capital & Income Trust is being floated through an offer for subscription sponsored jointly by Hambros Bank and Alexanders Laing & Cruickshank, the stockbroker.

It is a split level trust, so giving investors the opportunity to participate in the capital performance or the income of the underlying portfolio.

MCIT's investment adviser is an affiliate of The Jordan Company, one of the leading specialists in arranging leveraged buy-outs in the US.

Mr David Zalaznick, one of Jordan's partners, said that MCIT would be in the higher reward, lower risk business of investing in small, privately-owned companies with long track records of profitability. "We are not in the mega-bucks business at all."

Mr Zalaznick and Mr John Jordan, the founding partner of The Jordan Company, aim to look for mundane but successful businesses bearing price tags between $10m and $100m in the belief that better value lies at this end of the spectrum.

MCIT will invest in the mezzanine debt layer of finance in leveraged buy-outs arranged by The Jordan Company. The mezzanine debt is generally unsecured and repayable over seven to 10 years at three points over base rates.

As well as receiving income from this high rate of interest, mezzanine debt investors subscribe for equity at a nominal price per share. As the debt on the buy-out is redeemed, the value of the equity should rise accordingly.

The offer is of 14.9m capital shares at 50p a share, payable now, and 15m income shares at 150p a share, payable at 75p now and 75p next June. Institutional investors have already undertaken to subscribe for 75 per cent of the shares, and the rest of the offer is underwritten. The gross proceeds, including the shares already subscriped, will be £30m.

Based on the estimated net asset value per share after the offer, the capital shares are being offered at a discount to NAV of 50 per cent. The income shares offer a forecast gross dividend yield of 12 per cent. The trust is intended to be wound up in 2001.

● comment

The advent of MCIT on the London stock market appears to owe more to the advantageous tax structure of UK investment trusts than any altruistic desire on the part of Mr Jordan and Mr Zalaznick to bring the fruits of small company investment in bible belt America to the great British public. What, however, is the City to make of this unusual vehicle? The managers are more than just talk. Over the past 12 years they have been involved in 37 acquisitions, of which only one has turned sour, and the compound annual rates of return on the 13 investments realised has ranged from 32 to 119 per cent. If there is a snag, it is that funds like this look acutely vulnerable to recession: but in the short term at least, it looks an attractive opportunity for those prepared to risk a venture into uncharted waters.

UK COMPANY NEWS

Polly Peck to make double TI acquisition

BY CLAY HARRIS

Polly Peck International is to buy TI Group's small appliance businesses, Russell Hobbs and Tower Housewares, for £12m in cash.

Mr Asil Nadir's international trading group said that no redundancies were planned at three Midlands plants which employed a total of 945 people at the beginning of this year.

"We are fully committed to the UK manufacturing base of Russell Hobbs and Tower," Mr Mark Ellis, joint managing director, said yesterday.

Mr Christopher Lewinton, TI chief executive, said that the two companies did not "fit in with the basic strategic direction" of the diversified engineering group. They achieved pre-tax profits of £1m on sales of about £40m in 1985.

Polly Peck was looking to improve margins to 10 per cent, Mr Ellis said. It also believed there was scope for expansion of exports, which at present account for 15 per cent of sales.

The purchase price will be paid over the first half of 1987. Polly Peck had sufficient cash resources and borrowing facilities and would not be issuing any equity, Mr Ellis said. Its balance sheet at August 31, to be published next week, would show cash on hand of £18m.

The acquisition would also create UK earnings to allow Polly Peck to take advantage of a "few millions" in unrelieved advanced corporation tax, available since the running down of the UK manufacturing facilities of its Wearwell textile subsidiary.

Russell Hobbs makes a wide range of small appliances, including kettles, coffee-makers, irons, microwave ovens, electric fires and showers. Tower's products include pressure cookers, fryers, kettles and pots.

Polly Peck at present makes consumer electronic goods, including television sets, VCRs and compact-disc players, in Turkey.

Mr Howard Atkins, TI director with responsibility for domestic appliances, will take an advisory role during the transition of ownership. Polly Peck shares added 2p to 180p and TI advanced 1p to 465p.

AE dividend policy to be reviewed

By David Goodhart

THE NEW board of AE has decided to review an earlier decision to pay a 5.3p net final dividend to shareholders following its takeover by Turner & Newall.

After T&N won control of AE last week it reorganised the board which is now dominated by T&N executives. T&N is unable to integrate the two companies because of the 29 per cent stake in AE which Mr Robert Maxwell's Hollis Group refuses to sell.

The decision to review the dividend policy for AE is widely regarded as a means by which T and N can increase the costs of carrying the stake for Mr Maxwell and thus pressurise him into selling.

However, in view of the statements Mr Maxwell made about not selling his AE stake during the bid, the Takeover Panel would clearly take a dim view of him doing so.

T and N has already decided to push back AE's financial year-end by three months — to December 31 — to coincide with its own. The new AE board says it is in the light of this extension that the dividend announcement has been made.

Mr Colin Hope, the T and N managing director, said: "Having extended the year from 12 to 15 months we want to look again at the dividend position."

BAT buys Spanish pulp maker

BY CLAY HARRIS

WIGGINS TEAPE, paper-making subsidiary of BAT Industries, has increased its eucalyptus pulp capacity with the purchase of a Spanish manufacturer for £42m.

The acquisition of Celulosas de Asturias (Ceasa) from Banco Espanol de Credito will add 130,000 tonnes of annual capacity to Wiggins Teape's eucalyptus operations. The hardwood pulp is increasingly in demand for use in speciality papers.

Wiggins Teape last year bought a 42 per cent stake in Soporcel, a Portuguese manufacturer with 300,000 tonnes of capacity. It also holds a large minority in Aracruz, a Brazilian pulp maker with 475,000 tonnes of capacity.

BAT emphasised yesterday that Ceasa, which has a plant at Navia on the north-west coast of Spain, would continue to supply pulp to existing customers. Ceasa is expected to make after-tax profits of £3m on sales of more than £40m this year.

Wiggins Teape would encourage expansion of forestry in the Spanish hinterland as it had in Portugal. There is room for expansion on Ceasa's 50-hectare site, BAT said.

Mr John Worlidge, Wiggins Teape chairman, said the Navia plant would be expanded to 180,000 tonnes over the next two years at a cost of £8m.

"Buying 100 per cent opens up the options for us of expanding the company either in pulp or paper making," he said.

Phoenix Timber trebles profits

BY JANICE WARMAN

Phoenix Timber Group has completed the first phase of its emergence from the ashes with a substantial halfway turnaround to pre-tax profits more than trebled at £132,000 against £35,000 on turnover down 11.4 per cent to £17.8m.

The company has survived mounting losses and a senior management shake-up. In September it raised £5.2m with the issue of 7.26m new shares—the benefit of which came too late for these figures.

Mr Peter Quinn, chairman, who was appointed in March, has been implementing the company's rationalisation programme. He is cautiously confident. "I believe we have completed successfully the first phase of the long hard struggle to get the company back to sensible profits.

"We expect the recovery to continue during the second half of the year, and we expect to recommend a final dividend."

"Trading conditions during the first six months remained difficult, with the group's pattern of good performances in its manufacturing companies being offset by unsatisfactory results from its importing, trading and service activities."

Importing was especially hard hit by the weakening of the pound against continental currencies, he said.

The building sector had been a little more buoyant in recent months, and the benefit would show in the next set of figures.

The profits jump had been achieved on a lower turnover because of discontinued businesses and firmer prices with better margins, he said.

This was offset by operating costs which dropped by 10.7 per cent to £16.9m and by a £2.3 per cent reduction in interest payments to £760,000.

Retained profit was £130,000, and earnings per share rose from 1.1p to 4.3p.

STRATA INVESTMENT: Special dividend of 1.1p and a final of 0.5p for period August 21 1985 to October 31 1986 (shares offered for subscription in October 1985). Net asset value per share 136.4p or 133.1p assuming full conversion of warrants.

Bryant hits back at ECC offer document

BY CLAY HARRIS

Bryant Holdings, the Midlands-based housebuilder and property developer, yesterday dismissed as "misleading" English China Clays' criticism of its operating margins.

It once again rejected what it described as a "derisory" £137m takeover bid from the Cornish-based clays, quarrying and construction group.

Bryant said the ECC had erred in its offer document when it calculated margins on profit before interest, because this did not reflect the interest charge incurred in financing landbank. It pointed instead to industry figures which indicated that it had the second highest margins of the 30 leading UK construction and housebuilding groups in 1985-86.

ECC responded last night that it had used a consistent basis of comparison in its offer document which showed that its margins were higher than Bryant's.

In its defence document, Bryant questioned the accounting treatment of ECC's takeover of Bradley, a Swindon-based housebuilder and quarrying group, in 1984.

ECC last night criticised Bryant's failure to provide either a profits forecast or updated valuation of its land bank. Its shares added 1p to 321p, where its three-for-seven offer values Bryant at 137.5p, against yesterday's close of 143p, up 1½p.

Fothergill & Harvey bid warning

Fothergill & Harvey, the Lancashire-based advanced materials processor and electrical insulation materials manufacturer which is fighting off an unwanted £28.2m bid from textiles group Courtaulds, yesterday warned that it will lose its 50 per cent stake in US joint venture Cyanamid Fothergill if the bid goes ahead.

Cyanamid Fothergill is a jointly-owned company set up with American Cyanamid in 1982, and makes advanced carbon fibre materials used in the aerospace and other high-tech industries. In the year to end-November 1985, it made pre-tax profits of £376,000, and in the current year these are reckoned to rise to £580,000. F & H's total pre-tax profits in 1985 were £3m.

American Cyanamid has an option to purchase F & H's stake for half CyFo's net asset value—less than £700,000—in the event of a takeover of the British company. American Cyanamid's President Mr George Sella has written to F & H, confirming that the company would plan to exercise that right.

COMPANY NEWS IN BRIEF

JOHN WILLIAMS of Cardiff (iron manufacturer): No final dividend (nil) for year to September 30, 1986. Turnover £11.4m (£12m) and pre-tax profit £280,021 (£25,071). Minority interest £35,998 (£2,411) and extraordinary debit £58,511 (credit £26,923). Earnings per share 3.52p (0.33p).

UNITED DRUG: Final dividend of 3.29p makes 5.93p total for the year ended September 30 1986. Pre-tax profits were £1.06m (£801,000) from turnover of £34.38m (£30.47m).

ASSOCIATED British Engineering (electrical and diesel power engineering): Turnover £11.2m (£13m) and pre-tax loss £70,000 (£270,000 profit) in six months to September 30 1986. Net loss £101,000 (£264,000 profit) after £31,000 (£6,000) tax. Loss per share 0.45p (earnings 0.56p).

ELDRIDGE POPE & CO: Dividend total 7p (5.9p) with final of 3.75p. Pre-tax profits £3.3m (£2.8m) for year ended September 30 1986. Turnover £28.68m (£26.1m).

RADIO CLYDE: Final dividend 2.25p (2.0p) per voting and non-voting share, making 3.50p (3.25p) for year to September 30 1986. Turnover was £4.46m (£4.99m); tax charged was £204,000 (£139,000), leaving net profit of £328,000 (£197,000) and earnings per share of 5.7p (3.4p). Proposed to enfranchise the non-voting shares subject to IBA approval.

GREYCOAT GROUP: Interim dividend 1.2p (0.95p) for six months to September 30. Gross rental income £4.61m (£4.36m); pre-tax profit wasc £3.88m (£2.17m) and tax took £350,000 (£240,000) leaving £3.53m (£1.93m) and stated earnings per share of 4.9p (3.3p).

BRITISH BUILDING and Engineering Appliances: Interim dividend 0.75p (0.33p) for six months to September 30 1986. Turnover £2.22m (£1.78m). Tax £30,000 (£10,000) leaving net profits of £58,000 (£22,000) and earnings per share of 4.8p (1.8p).

DIVIDENDS ANNOUNCED

Avon Rubber	4	Feb 10	3.5	6.5	5.7
Baggeridge Brick	6.25	Feb 11	4.62	8.75	6.87
Brit Build ...int	0.75	—	0.33	—	1
British Telecom ...int	3.35	Feb 23	3	—	7.5
HP Bulmer ...int	2.34	Mar 2	2.24	—	5.29
Carr's Milling	4.75	Jan 23	4.25	6.5	6
Dee Corp ...int	†3	Feb 27	2.8	—	7.2
Eldridge Pope	3.75	Feb 7	3.5	7	5.9
Flexello	2.8	—	2.6	4.1	3.8
Gee/Rosen ...int	‡0.55	Jan 23	0.55	—	1.65
GUS ...int	8	—	7	—	21
Greycoat Group ...int	1.2	Jan 2	0.95	—	2.2
Kleen-E-Ze ...int	nil	—	1	—	6
Notts Brick	6	Feb 11	4.5	8	6.5
Pericom	‡1.5	—	1.3	2.5	1.3
RHP	3.1	Feb 13	2.6	5	4.25
Sidlaw	2.75	Feb 13	6.25	5.5	9
Syltone ...int	3.6	Feb 9	3.6	—	10
Wagon Indust ...int	4	Mar 23	3.5	—	8.5
Whessoe	3	Jan 24	3	5.5	5.5
Yellowhammer ...int	0.6	Jan 30	0.6	—	1.6

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

UK COMPANY NEWS

Bulmer static but looking for a better second half

ALTHOUGH PROFITS of Hereford cider group, H. P. Bulmer Holdings, were little changed at the six months' stage the directors said yesterday that they expected the full year result to show an improvement over 1985-86's £11.8m pre-tax.

They pointed out that action taken to reduce the UK cider cost base would lead to an increase in trading profits and wines, spirits and other drinks should continue to show growth in the second half.

Currently, it was too early to judge the outcome of the important Christmas trading period but sales into the trade had been encouraging and a good apple crop had enabled the group to stabilise its raw material costs.

The directors anticipated that the results of the overseas drinks division for the full year would show an increase over last year, mainly due to an improved result from Red Cheek, the US apple juice subsidiary.

For the first six months (to October 24) group turnover pushed ahead from £84.48m to £91.92m and at the trading level, profits improved to £9.56m (£9.26m) before taking account of exceptional provisions of £852,000 (£95,000).

Pre-tax profits worked through at £6.91m (£6.97m). Earnings were unchanged at 6.7p per 5p share but the interim dividend is being stepped up from 2.24p to 2.343p net.

In the UK, trading profits from cider and fruit juice were slightly down due to a decision to invest significantly more behind the marketing of brands and to develop new brands this year.

Trading profits from wines, spirits and other drinks showed an improvement of £0.5m with wines and spirits, Perrier and Red Stripe lager continuing to show growth. The sherry market remained highly competitive. The pectin division doubled its trading profits.

The directors said that the UK cider market was now showing the first signs of a recovery from the effects of the excise duty increases in 1983 and 1984. They hoped this would be confirmed over the Christmas trading period.

A divisional split of trading profits showed: cider and fruit juices £6.95m (£7.19m), wines, spirits and other £1.3m (£853,000), overseas drinks £272,000 (£665,000) and pectin £1.04m (£522,000).

Group interest charges took £1.96m (£2.15m) and tax £2.48m (£3.54m).

● comment

Bulmer had braced the City for an unexciting set of results, and that was exactly what it delivered. Nonetheless the share price rose by 7p to 155p. The combination of hefty advertising expenditure and a merciful Budget helped to stabilise the cider market. But Bulmer will have to wait until the end of the second half to see whether the investment in marketing — which whittled away these interim profits—can be translated into volume increases. Perrier and Red Stripe are faring well, although Domecq is still grappling with the intensely price pressured sherry market. Overseas the picture is rather brighter. Pectin is progressing and it will be two or three years before the full benefits of the Brazilian investment filter through. In the US Red Cheek has benefited from an active advertising campaign. Even currencies have been more malleable. With profits of £13.5m in prospect for the full year Bulmer's shares are dawdling — and will continue to dawdle — on a prospective p/e of 12.

Pericom more than recovers lost ground

Pericom, the USM-based computer, peripheral and terminals manufacturer, more than trebled its pre-tax profit in the year ended September 30 1986 with a rise from £506,000 to £1.85m. This more than recovers the ground lost in 1984-85 when profits fell from £1.2m.

The directors considered the results achieved in the year under review fully justified the reorganisation programme undertaken during the previous year.

Geographical diversifications and the development of new markets would continue to be the cornerstone of the group's policy during the current year, with investment for the future taking priority over the short term.

The current year had started in a satisfactory manner.

Turnover of the group in the first half-year rose from £10.80m to £16.64m; the cost of sales totalled £9.95m (£7.41m); gross profits were £6.70m (£3.38m); distribution costs £1.14m (£942,000); administration expenses £2.95m (£7.32m).

A final dividend of 1.5p (1.3p) has been proposed; stated earnings were 14.1p (2.3p) per 10p share.

● comment

Pericom's exceptional problems in 1985 mean that this year's 266 per cent rise in pre-tax profits is fairly meaningless. But the 54 per cent improvement on 1984's out-turn suggests that the company has diversified successfully. Future growth will be led by Pericom's upmarket range of colour graphic terminals—the recently launched MX8000 has been well received—and by VDU products, five of which have been introduced to the market in the last month. Boffin, the computer maintenance subsidiary, will also benefit from its move into the potentially lucrative third party market. The US operations were still unprofitable in 1986 but the corner could be turned in the current year. If it is, the benefits will be considerable because tax losses can be offset against profits. This year Pericom should achieve about £2.6m at the pre-tax level. Assuming a 35 per cent tax charge that puts the shares, up 11p at 160p yesterday, on a prospective p/e of about 7. Gearing of 62 per cent and the 1985 downturn will put some investors off but the shares do not look expensive.

Michael Donne looks at the changing fortunes of Westland

Signs are pointing to a lift-off

THE "ENCOURAGING" financial results from the Westland Group for the year to September 30 last, with an 11 per cent rise in turnover to £344.4m and a pre-tax profit of £26.4m, against the previous year's loss of £95.3m, are signs that the slow revitalisation of the group under Sir John Cuckney, chairman, is beginning to become effective.

Sir John stressed yesterday, in his first major statement since last winter's major political controversy over the company accepting the injection of £75m new capital from United Technologies of the US and Fiat of Italy, that "stability has been restored" and that the association with the new partners was "beginning to have tangible effects."

Sir John said that Westland is now "adequately capitalised, soundly based and its future is more secure."

But he also stressed that "there is still much to be done in order to realise the full potential of Westland."

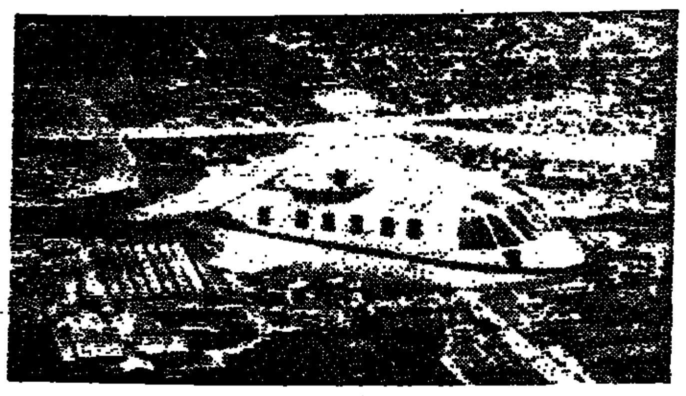
The major problems still lie in the helicopter activities of the company, for the other aerospace and industrial engineering-related activities, for example through Normalair-Garrett, are profitable.

Although the company is currently pursuing some additional foreign orders for both the Sea King anti-submarine warfare helicopter and its Lynx multi-role combat helicopter, its current orders for those aircraft will run out late next year.

During the course of 1988, until production of the new joint Anglo-Italian EH-101 multi-role helicopter, being undertaken in conjunction with Agusta of Milan, comes on stream in 1989, there may well be a major gap in the helicopter production line at Yeovil, Somerset.

Only by filling that gap, with either additional orders for the Sea King and/or Lynx, or with orders for the US Sikorsky-designed Black Hawk helicopter (which Westland calls the WS-70) from home and overseas, will Westland be able to stave off redundancies and a run-down in its helicopter manufacturing activities.

The likelihood of imminent new orders from the UK Ministry of Defence itself is currently slim. The Ministry, which has wavered considerably in recent years on its helicopter procurement policy, is still in the throes of a major study of future helicopter needs, which is not expected to be completed until some time in early 1987.



The EH-101 multi role helicopter now under development for the early 1990s

Westland's only possible course over the immediate future is to continue to pursue its own campaign for MoD orders for the Black Hawk, whilst also chasing overseas orders for both that aircraft and the Lynx 3.

There is considerable interest in the Black Hawk re-engined with the Anglo-French (Rolls-Royce/Turbomeca) RTM-322 engine, which represents a considerable advance over other helicopter power-plants and which is also well in the running for US orders.

Apart from possible UK procurement of the RTM-322 powered Black Hawk for the British Army as a tactical transport to replace ageing Pumas and Wessex helicopters, that aircraft is also attracting interest in such countries as Sweden, West Germany and possible also Belgium, although the latter is understood to be more interested in the Lynx 3.

An MoD order for Black Hawk for the Army would undoubtedly help to encourage overseas countries to buy that aircraft, but in the absence of any likely early commitment, Westland is force dto rely on its own marketing expertise, supported where necessary by Sikorsky.

For the longer term future, Westland is placing much reliance on the EH-10 aircraft, which will be built in both a military and a civil version.

Full-scale production for the UK and Italian armed forces will begin in 1989, with first deliveries in the early 1990s.

Nine flying prototypes of the EH-101 are to be built, and eventually some 800 production aircraft are envisaged. The costs involved, to be met by the UK and Italian Defence Ministries, will be around £650m for joint development, and about £850m for the UK production programme alone.

In its military role, the EH-101 isc designed for all-weather day and night operations.

The civil market for the EH-101 is regarded as especially important, primarily with operations in the offshore oil industry in mind in various parts of the world. But it is hoped that opportunities in the civil commuter market will also emerge, so that eventually as many as 300 to 400 civil EH-101s could be built, or almost half the total market for the aircraft.

The problem for Westland's Helcopter Division, therefore, is to remain alive until the EH-101 programme is rolling at full speed, in the later 1980s.

It is to ensure that survival over the next two years or so that the company's management is now turning its full attention.

Profits above expectations at £26m

BY DAVID GOODHART

FOLLOWING a traumatic year at the centre of a major political storm the Westland Group has produced annual figures considerably better than expected.

Sir John Cuckney, the chairman, said: "Turnover at £344.4m was up 11 per cent on the previous year and the group made pre-tax profits of £26.4m, compared to a loss of £95.3m in the previous year, reflecting a significant improvement in all four divisions.

"The financial reconstruction resulted in an injection of £75m of ne wcapital and the establishment of our formal associations with United Technologies Corporation (UTC) and Fiat. Westland is now adequately capitalised, soundly-based and its future is more secure.

"Stability has been restored to the company and our association with our new partners is beginning to have tangible effects. However, despite the significant progress made over the past year there is still much to be done in order to realise the full potential of Westland."

The 1984-85 year saw an £80m write-down on the value of stocks and a £20m provision, but after the £75m injection in 1985-86 the company has no net borrowings.

Gross profit was £45.1m and operating profit £32.2m which was helped by a cut of £10m in research and development. The company is also saving about £5m over three years through a pension holiday.

Westland is keen to stress that it is not just a helicopter manufacturer and has successfully built up two other divisions — Aerospace and Technologies. Nevertheless, with a turnover of £220m the Helicopters and Customer Support division acocunted for 64 per cent of the total compared with £46.7m (14 per cent) for Aerospace and £89.4m (26 per cent) for Technologies.

Technologies is the most profitable division with £11.5m (pre-tax) followed by Helicopters £8.9m and Aerospace £4.1m. However, despite the move into profit the company is still unable to recommend a final dividend (same).

Sir John said: "On the basis of the 1986 results the board would have recommended the payment of a final dividend but, as a result of an undertaking required to be given by the company when seeking the court's confirmation for the capital reduction approved by shareholders at the AGM in April 1986 this is not legally possible."

It is, however, able to pay a dividend to holders of convertible preference shares which is due on December 3 1986.

Good second half boosts Carr's profits

SECOND half pre-tax profits of Carr's Milling Industries increased from £471,000 to £617,000 and left the figure for the full year to August 30 1986 ahead at £1.48m, compared with £1.28m. Trading in the first quarter of the current year was satisfactory and directors said that prospects for 1987 were encouraging.

The group continued to make progress with a good contribution from animal foods, agricultural merchants, flour milling and the bakery businesses. Losses were incurred by Carrs Fertilisers in its first year of operation and by the egg production companies

External customer sales increased from £57.22m to £65.8m while after tax of £332,422 (£224,014) earnings emerged at 18.4p (18.3p) per share. The dividend is stepped up to 6.5p (6p) net with a final distribution of 4.75p (4.25p) which will absorb £406,250 (£375,000).

Under-utilisation holds down Whessoe's profit

Whessoe, the engineering holding company, reported wide variations in the pattern of results and activity levels of its subsidiaries and turned in pre-tax profit of £4.75m, down from £5m, in the year to September 27, 1986. Group turnover fell from £100m to £94.6m.

Lord Erroll, the chairman, said that heavy engineering activities had produced a substantial increase in profit from £1.6m to £2.3m. However, profit had been eroded by costs of severe under-utilisation of capacity which persisted into the second half.

The high-pressure pipework sector saw profit fall from £2.9m to £1.7m, mainly due to a drop in activity both at the Derby Works in the UK and in Australia, combined with the continued depreciation of the Australian dollar.

He said that the light engineering sector produced increased profit of £789,000 (£523,000) and he expected further improvement in 1987.

Tax amounted to £1.8m (£2.74m), earnings to 16.3p (12.7p). The proposed final dividend was unchanged at 3p, making a total again of 5.5p.

BOARD MEETINGS

TODAY	
Interims:—Bristol Evening Post, Fuller Smith and Turner, Greene King, Hicking Pentecost, Investment Co. G. F. Lovell, S. W. Wood.	
Finals:—Dubilier, Electronic Data Processing, Hardys and Hansons, Reliant Motor, Strata Investments.	
FUTURE DATES	
Interims:—	
Brasway	Dec 19
Gibbs Mew	Dec 17
Hogg Robinson	Dec 16
Monk (A.)	Dec 24
Oceonics	Dec 16
Old Court Currency Fund	Dec 16
Plysu	Dec 16
Finals:—	
Cifer	Dec 18
Craton Lodge and Knight	Dec 15
Soundtracs	Dec 17
Speyhawk	Dec 18

French boost for Wagon

Wagon Industrial Holdings, which has interests in material handling, storage, office equipment and engineering, reported a near 32 per cent increase from £2.4m to £3.1m in pre-tax profits for the six months to September 30 1986, from an increase of just 9.6 per cent in sales—£43m against £39.4m.

The office equipment division achieved the largest comparative increase, mainly because of the continued improvement in the results of the French subsidiary, Vinco. However, the UK companies in that division also increased their profits performance.

Mr Paul Taylor, chairman, reported that the material handling and storage division achieved an increase in profits and that this progress was expected to continue. But profits in the engineering division were below those for last year, although it was anticipated that the situation would improve substantially during the second half-year.

Commenting on the year as a whole, Mr Taylor said that "In the absence of unforeseen circumstances, the group's pre-tax profits for the second half-year are expected to show an increase over the same periods of 1985-86."

Group order books at September 30 are 17 per cent higher than at the same stage last year. Trading profits for the period emerged at £3.26m (£2.45m) from which were deducted net redundancy costs of £15,000 (nil) and net financing charges of £134,000 (£90,000). Tax took £1.06m (£943,000) leaving net profits of £2.04m (£1.42m).

The interim dividend has been increased from 3.5p to 4p from stated earnings of 10.18p (7.04p) per 25p share.

● comment

Wagon bought the French company Vinco in 1980 and since then a large proportion of management time has been spent trying to lick the acquisition into shape. It is gratifying that Vinco is at last in profit and the £500,000 turnaround in its figures is the major boost to Wagon's interims. With Oleo picking up lift damper sales to compensate for the decline in BR buffer orders and the traditional second half boost to office furniture sales as customers spend their budgets ahead of the financial year end, pre-tax profits should reach £7.2m for the full year. The new chief executive will thus have a good base from which to develop the group and with £3.5m in cash, a few small acquisitions are likely soon. At 265p, on a prospective p/e of 11, the shares seem fairly rated.

USM listing and rights for Avesco

By Alice Rawsthorn

Avesco, a television services group, is joining the Unlisted Securities Market through an introduction and simultaneously raising £3.1m in a two-for-nine rights issue in order to reduce borrowings.

The company is already quoted on the Amsterdam Stock Exchange which it joined two years ago, being too young to qualify for a USM quotation and wary of the potential liquidity problems of the over-the-counter market. In Amsterdam, however, it attracted interest from British institutions. They now (before the rights issue) hold 30 per cent of its shares.

When it went public in Amsterdam, Avesco — which supplies products and services for the television and video industries—was valued at £8.5m. After its USM introduction it will have more than doubled in value to be capitalised at £19m on the rights issue price of 60p a share.

With the capital raised by the Amsterdam quotation, Avesco has diversified into television services, which should provide 63 per cent of turnover and 40 per cent of profit in the current financial year. The expansion into services has boosted turnover but diluted margins. In its last financial year, to March 31, Avesco produced pre-tax profits of £1.04m on turnover of £3.34m. In the current year it expects to produce £1.5m on £7m.

In the rights issue Avesco will issue 5.76m shares at 60p each. The proceeds will be used to reduce borrowings and, in the longer term, to fund acquisitions. On the rights issue price of 60p, Avesco's shares will be on prospective earnings of 3.9p and a prospective p/e of 15.4. Dealings in Avesco's shares should begin on Thursday.

Avesco will be introduced to the USM by Security Exchange, in conjunction with Greig, Middleton and Nivision Cantrade.

British Sugar sales down but profits rise

British Sugar, a subsidiary of S & W Berisford but which will shortly be 70 per cent owned by the Italian Ferruzi group if the Monopolies and Mergers Commission gives the go-ahead (the MMC is currently investigating bids from both Ferruzi and Tate and Lyle) increased its historical cost profit before tax from £53.6m to £57.1m for the year ended September 28, 1986.

On current cost the improvement was from £36.8m to £40.2m.

The increased profit was achieved despite a reduction in turnover from £637.7m to £595.5m and reflected capital investment of £35m, a sugar beet crop of 7m tonnes and the EEC sugar quota fulfilled.

The reduction in turnover resulted from a smaller beet crop, leading to lower sugar production. UK sales were maintained, although non-quota export sales were lower than in the previous year.

Tax charged was £11.8m (£7.1m) and stated earnings per share were 75.6p (77.5p) on a historic cost basis.

HAVARD SECURITIES (dealer in securities and publisher of investment newsletters) company increased its turnover by 37 per cent to £81.2m from £59.4m in the year to September 30 while pre-tax profits showed a gain of 23 per ient to £1.91m (£1.55m. The proposed dividend is raised from 0.5p to 1.0p per share from earnings of 5.73p against 4.93p.

Baggeridge Brick builds record profit of £2.2m

Baggeridge Brick, the brick manufacturer, reported record pre-tax profit for the fourth year running. On turnover up from £9.5m to £10.6m, the company turned in profit of £2.2m (£1.75m) for the year ended September 30 1986. Mr Peter Ward, chairman, said that overall increased profit had more than justified borrowings incurred to finance improvements in production facilities.

Professional valuation of company land had resulted in a surplus over book value of £4.5m and effect had been given to it in the results. He added that the company's clay reserves were sufficient to last well into the next century.

He believed the company's financial progress would continue as a result of its three new intermittent kilns at its Sedgley, West Midlands site and a planned substantial production increase at the new development at Hartlebury.

Tax was £710,000 (£632,000) and earnings 37.6p (28p). The proposed final payment is 6.25p (4.62p), making 8.75p (6.87p) for the year. A four-for-one scrip issue is also proposed.

Syltone's profit slides

Syltone, the engineering holding company, saw pre-tax profit fall from £635,000 to £421,000 in the six months to September 30 1986.

However, Mr John Clegg, the chairman, said that the profit compared favourably with the figure of £167,000 reported in the second half of last year. He claimed that the trend reflected the company's emergence from the problems which had beset it in the later months of last year.

Turnover advanced slightly from £10.2m to £10.7m. Mr Clegg added that sales orders and output of Syltone's traditional business had continued at encouragingly high levels during October and November. The forward order load was being maintained and new business developments showing very satisfactory progress.

Tax charges moved up from £137,000 to £147,000 and earnings emerged down from 13.14p to 7.16p. The directors declared an unchanged interim payment of 3.6p.

Flexello reverse

Flexello Castors and Wheels achieved a marginal improvement in turnover, from £12.5m to £12.93m in the year to September 30 1986 but pre-tax profits tumbled from £785,000 to £579,000 due to losses of its Australian subsidiary.

The chairman, Mr G. Day, said that group results for current year would show an improvement on those for 1985-86.

The UK tax charge amounted to £243,000 (£300,000) and overseas to £8,000 (£37,000). A final dividend of 2.8p (2.6p) has been proposed making a total payment of 4.1p (3.8p).

Inchcape

Inchcape has agreed to pay £43.1m to buy Clarkson Puckle, the insurance broker acquired by Dalgety in July 1985. Because of a typographical error yesterday's report gave the purchase price as £4.1m.

GEE/ROSEN ORGANISATION (men's fashions): Interim dividend 0.55p (same) for six months to September 30 1986. Turnover £5.64m (£4.78m) and pre-tax profits £159,900 (£142,000).

THE PROPERTY MARKET By PAUL CHEESERIGHT

PENSION FUNDS

Storehouse searches for quick high yields

TERRY GODDARD takes a rigorous view of property investment. "Unless you see it as a mere trading asset and allow it to compete fully with other investments, you're just deluding yourself."

It is a significant attitude because he is one of the men the property industry like to court. He is a source of finance. He runs the Storehouse pension fund, a relatively small affair with £30m of assets and he is a trustee of the BHS pension fund with £160m of assets. Alongside he looks after property for the Conran-led retail group.

"The justification for investment," he said, "has got to be performance. It's on the performance that property has floundered."

Pension fund managers more generally have indeed taken an equivocal view of the market. The WM Company, once the statistical service of Wood Mackenzie, the brokers, has traced the decline in pension fund investment.

Funds of more than £100m have dropped the proportion of property investment in their total portfolio to 13 per cent from 25 per cent in 1981. For funds of between £15m and £100m the comparable figures are 4 per cent from 7 per cent and for funds of under £15m they are 4 per cent from 9 per cent. This year WM has found in its surveys a net disinvestment by the funds.

The reasons are not far to seek. The graphs show the relative performance of property investment against equities and gilt-edged stock. But this is not to suggest that the attitude towards property is wholly standoffish. Major pension schemes and investing institutions like insurance companies have, as Mr Goddard put it, "the problems of money coming out of their ears—they have to spend it in some way."

Property is one way, but latterly, with the capital gains available on equities, it has not been the most immediately advantageous. "As a fund manager, I'm concerned not to go wrong. Pension schemes tend to react—after microscopic analysis," Mr Goddard said.

But, he added, there have to be a number of irons in the fire. "No one wants a fund just riding on UK equities. You're forced to channel money in different ways. One of the ways is real estate. What was it Walt Whitman said—'they ain't making land any more'?—it's finite and valuable. It has an intrinsic worth. It's a natural home for some proportion of the money."

This is the classic argument. With land, with bricks and mortar, you can't go wrong. It is the stock in trade of the chartered surveyors' ideology.

Historically, writes Richard Herbert, a partner at Strutt and Parker, in an annual review, "property has always been considered as the secure base of a balanced investment portfolio. Property's record of maintaining its value in real terms in both the short and long term is reassuring. Returns from property holdings have matched this requirement even though they have not matched, in the short term, the returns from the more volatile equity market."

> "It's on the performance that property has floundered"

Terry Goddard

It is the particular rather than the general that causes the difficulty for managers like Mr Goddard. He talks about being "on the rack of the right choice." Or, to put it another way, "the argument is about how much money you put in, and where."

In tackling this argument, some fund managers, according to Healey and Baker, the surveyors, are being encouraged to behave like entrepreneurs because they are judged by short term performance.

"While most portfolios still acknowledge that the tailor-made high quality asset has its place, more and more interest has been shown in the opportunities that are likely to produce short term appreciation as a result of intensive management or risk-taking. Short term benefits are clearly important, but it is a matter of concern that pressures should not allow fund managers to forget the long term benefits that can flow from strategic investment, nor equally should they lose sight of the dangers inherent in secondary property."

It is at this stage that the views of a chartered surveyor like Healey and Baker and Mr Goddard begin to part company. He conceded that he did not see property in the conventional chartered surveyor's way — "I don't see it as a special vision." And this opens up his view that property is "a mere trading asset."

"The convention," he pointed out, "was that you went into low-yielding properties (a major office building on 4 per cent, for example) speculating that rental growth would vindicate the decision to buy. High yielding property was seen as risky. But the risk is actually with the low yield. There only one third is guaranteed. Two thirds is speculative."

For Mr Goddard you need to test the return from a property investment against a controlled yield from another form of investment. "If you buy a property yielding 4 per cent, you need a controlled yield to test that against. The control, is 12 per cent gilts. That means you've got to get 8 per cent compound rental growth plus incidence for cash flow in order to break even against a gilt. So I've got to run that test."

But the mathematical criterion is not the only one. It can, after all, only be applied after a property has been found to purchase. "I don't generally buy freehold, but leasehold," Mr Goddard said. "And the identity of the leaseholder is crucial.

"I've been saying for a decade—buy the properties that have the best features of a blue chip corporate bond plus the backing of the property. Buy first for the balance sheet of the tenant and the property element is secondary."

Thus he has bought an ICI warehouse in Manchester to show 14 per cent. Rent reviews will come on top of that. "It's like an ICI corporate bond," he commented.

Recently the Storehouse fund has bought the leasehold on two Sainsbury's supermarkets on an initial yield of 14 per cent, a leasehold property in Regent Street in London's West End on a yield of 12 per cent and an offices and shops property in Sloane Street, Chelsea, which shows an initial yield of 12 per cent but will show after 1990 about 30 per cent

These and other properties have permitted the Storehouse pension fund to better the return on equities over the past 10 years, Mr Goddard said. And the interesting thing here is that the fund, which has stopped taking in contributions, is solely invested in property.

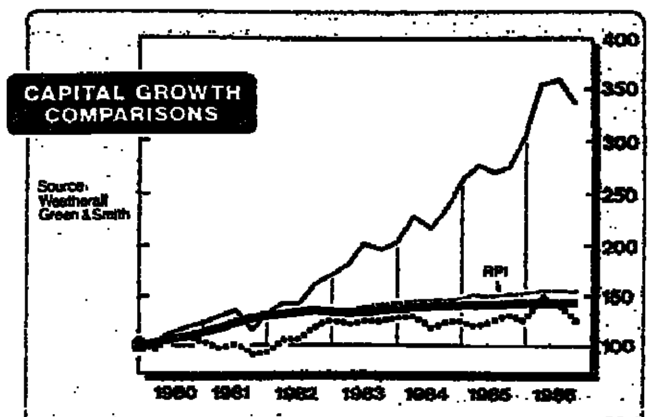
It is difficult to quarrel with the approach to investment if it has provided the performance. And because the yields obtained have been high from the start any capital growth which may occur on the properties is like a bonus. Indeed, Mr Goddard talks very little of capital growth.

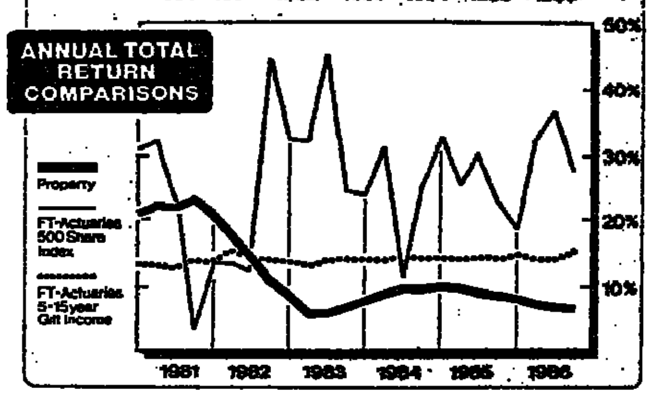
Which is probably as well. The Healey and Baker report advised that "the days when funds should seek to obtain the majority of performance out of capital gains (not that Mr Goddard has done this) are temporarily at an end; it is rental growth and rental performance on which attention should be focused."

What is less clear is where this is going to come from. For Mr Goddard retailing "for many years has been the safest bet—high demand, low space, strong rental growth. But suddenly the prospect is getting confused. There is total retail space in the UK of 75m sq ft. In prospect there is 31m sq ft in new schemes. What will that do to the old town centre values?" he asked.

"It's a very big turn-off. The one certainty is looking a little bit uncertain," he added.

This uncertainty comes at a time when, through vehicles like property income certificates, the investment market should gradually become more flexible. But Mr Goddard is taking a cautious view. He would like to see trading in single property instruments. "How do you make it a reality from a prospect?" he asked. "It will only be a reality if people like me are prepared to make it so. But most of us are saying, let the others lead."





Corporate philanthropy

Giving a fraction in a good cause

Michael Skapinker reports on the charitable aims of the Per Cent Club

WHEN Sir Hector Laing and Mark Weinberg decided to set up a club to encourage companies to give money and help to community causes, they approached the one person whose blessing is nowadays seen as crucial to the success of any such project: Prince Charles.

He was happy to oblige. On Monday he will be present at the launch at 10 Downing Street of the Per Cent Club, a group of leading British companies which have agreed to make annual "community contributions" of not less than one-half per cent of their UK pre-tax profits.

The club is an idea which Sir Hector, chairman of United Biscuits, the UK food group, has championed for over five years. His original enthusiasm was fired by a visit to Minneapolis, in the US mid-West. He was impressed by the city's sports and arts facilities, the absence of inner-city slums and, especially, by the role of local business in bringing about this happy situation.

Minneapolis's businesses have established a Five Per Cent Club, the proportion of pre-tax profits they plough back into the community. Minneapolis's club is one of the most impressive, but many American communities boast One Per Cent Clubs.

Sir Hector came back home and raised the idea of a British One Per Cent Club with a number of his colleagues. But he admits that the idea only really got off the ground when it was taken up about a year ago by Weinberg, chairman of Allied Dunbar Assurance, and Stephen O'Brien, chief executive of Business in the Community, an inner-city action group which has just celebrated its fifth birthday. It was O'Brien who made the approach to Prince Charles.

The club, which will be chaired jointly by Laing and Weinberg, pitched its appeal at Britain's top 200 UK companies. Full details of those which joined will be announced on Monday.

In the process of recruiting members the club had to lower its sights. A One Per Cent Club will have to wait a few years. For the time being, Britain will have a half-a-percent club.

The club will not decide how members should spend their half per cent. "It's quite clear that there's no fund or anything like that," Weinberg says. "It's simply that those companies that obtain this level of expenditure should not hide it under a bushel."

By publicising their membership, Weinberg hopes other companies will be persuaded to join. "I think what should happen is that it becomes a bit of a bandwagon," O'Brien says.

THE TOP 200 CORPORATE DONORS 1982-1986

Charity Statistics	1982-83	1983-84	1984-85†	1985-86
	£000	£000	£000	£000
Total voluntary donations	31,116	34,403	43,058	46,013
Total revalued* at 1984-85 prices	36,281	38,152	45,602	46,013
Annual percentage change in real terms	+11	+5	+20	+1
Total profit before tax	12,756.18	16,416.28	21,519.36	22,944.83
Donations as percentage of profits	0.24	0.21	0.20	0.20
Number of UK employees	3,748.82	3,495.34	3,802.98	3,904.12
Donations per employee	£8.30	£9.84	£11.32	£11.79

*Using September 1985 Retail Prices Index as base. †It should be noted that the Marks and Spencer Centenary Year Grants of £3.4m have considerably distorted the general trends shown above.

Mark Weinberg: co-founder

What counts as community contributions? Cash, obviously, but also secondment of staff to charities, enterprise agencies, inner-city development schemes and the like; donations in kind, such as computers or use of facilities; and sponsorship of the arts, music, education or sport. It is the last which is most likely to inspire cynicism. But Weinberg insists that sponsorship of large spectator sports is not included in the half per cent. The accent should be on minority sports or school or community facilities.

Even here, Weinberg concedes, "of course there is some corporate benefit in that they get their name across. We've said: sponsorship of art, music, education or other activities where the objective is primarily charitable. I can't get more precise than that."

The Per Cent Club is not, Weinberg insists, a club in any formal sense. It has no constitution and its only activity will be an annual dinner attended by the chairman and chief executive of each member company. Nor will the club have any offices. Its minimal administration will be handled by Business in the Community. As the club has no constitution, Prince Charles will not be its formal patron. But he will effectively play this role and has already started to sing the praises of corporate giving in his speeches.

O'Brien says that members of the club should not hide the fact that they have commercial reasons for participating in the club. "There is a long history of purely charitable philanthropy in companies that's valuable. I don't want to decry it. But I think that where it works best and where it's most valuable is where they see that the health of the community is their concern if they want to expand their market. I'm totally convinced that there is a proper content of commercial interest here," he says.

Enthusiastic employees

Won't membership of the club provide companies with an easy way out of their wider obligations to the community? Will they not be able to say, "we've given our half per cent, now leave us alone"? Weinberg says he has been through all this before. It never stops at the half per cent, he says. His own company gives 1 per cent of profits to charity.

The employees became so enthusiastic about their company's involvement in community affairs that they created their own fund. In matching this pound for pound, Allied Dunbar's total contribution is brought up to 1.25 per cent. "It creates a fellow feeling across departments," he says.

The company's involvement with community projects has had another effect. It began to assist in the running of the projects, helping to make the charities themselves more efficient.

As community projects become more professional, that in turn makes them more attractive to business, says Anne Heald, a US-based programme officer at the German Marshall Fund, a foundation to fund the exchange of ideas between America and Europe. Heald, who has long experience of corporate community work on both sides of the Atlantic, endorses the view that companies are inevitably drawn more closely into helping to run projects. "There's just no question that that happens. Obviously not with every company, but there is example after example after example," she says.

Both she and O'Brien believe the Per Cent Club is riding a tide of business support for community projects in Britain. This is the result of inner-city riots and the acceptance that governments of whatever party will not be able to provide sufficient financial support for community projects.

However, the level of corporate charitable donations as a percentage of profits has been static for the past three years and has fallen from its high point in 1981-82. Statistics published by the Charities Aid Foundation show that Britain's top 200 corporate donors gave just 0.2 per cent of their pre-tax profits to charity in 1985-1986, the same as in the two previous years. The proportion in 1981-82 was 0.24 per cent.

O'Brien says, however, that these figures fail to take account of contributions to community projects which are not charities. Enterprise agencies, for example, receive £12m to £14m annually from the private sector.

Nevertheless, there are some noticeable absentees from the Per Cent Club's inaugural membership list, including companies which already make substantial contributions to community causes. ICI, for example, is in seventh place on the Charities Aid Foundation league table of corporate givers to charity, but has decided not to join the club for the time being. The company says much of its community work is done by its local units and it does not want to pre-empt this by issuing a central edict insisting that the half per cent should be attained.

Also conspicuous by their absence are the large oil companies. A spokesman for BP, Britain's second largest charity benefactor after IBM, says that while it applauded the aims of the club, "we have grave reservations in tying donations to a percentage of profits, especially pre-tax profits. Profits in the oil sector can fluctuate and we can envisage nothing more disturbing for voluntary organisations than a reduction in contributions when profits are falling."

To persuade the oil companies and others with similar worries to come on board, the club has established an alternative to half a per cent of pre-tax profits: one per cent of gross dividends.

Nevertheless, Weinberg concedes he is still faces resistance from some companies which believe that their only duty is to their shareholders, who in turn should decide whether or not they want to give their money to charity. He points out to them that the Chancellor of the Exchequer, Nigel Lawson, paid tribute to the work of charitable organisations in his 1986 budget speech. "In line with his belief that "private action is more effective than state action,"" Lawson announced amendments to the tax laws granting relief on gifts to charity to a maximum of 3 per cent of dividend payments.

While Downing Street is the venue for Monday's launch, Weinberg stresses that there is no direct government involvement in the club. "We approached the Prime Minister to see whether she would put her personal weight behind it by giving a reception. But it's not in any sense a political initiative. I'm sure every political party would be behind it," he says.

The value of suggestion

Charles Leadbeater reports on a vital resource

IT WAS while he was on his usual tour around Woolworth one Saturday that Mick Rowlenson found the answer to a problem that was giving British Airways' engineers a persistent headache.

Part of the undercarriage of the Boeing 737 is prone to corrosion, brought on by the dramatic changes in temperature and air pressure that aircraft go through. BA has a fleet of the aircraft, and replacing the corroding "drag struts" was proving expensive. Consultants were called in to examine the offending articles, which cost up to £10,000 each, and to suggest a solution.

After weeks of work they had failed. Then came Rowlenson's visit to Woolworth, when he alighted upon a 3-in wire brush. With this he designed a machine which cleans the drag struts, delays their replacement, and saves BA around £50,000 a year.

What transformed Rowlenson's bright idea into a useful product was British Airways' suggestion scheme called Brainwaves. The scheme is one of 70 submitted during 1986 to a suggestion scheme competition run jointly by the UK's Industrial Society, which offers training and advice to companies, and the BBC. The winners will be announced next Wednesday on BBC1's "Ideas Unlimited" programme.

The society plans to follow up the competition by establishing a national body to stimulate interest in suggestion schemes and spread good practice. For though the first scheme was set up in 1880, by the William Denny Brothers shipyard in Dumbarton, the society estimates there are only 500 in the country.

This is surprising as companies with successful schemes report two major benefits. The first is that the scheme lowers costs, raises productivity, improves quality and reduces wastage. As an Industrial Society report points out suggestion schemes cannot be a substitute for good management—the savings should be marginal if a company is well run.

However, even marginal savings can amount to a substantial sum. British Airways estimates that last year it saved £786,431; the scheme's target for 1986-7 is £2m.

The other major benefit is the improvement in employee relations that can result. A scheme can open a new channel of communication between managers and employees, and shopfloor workers may feel enthused that the company wants to utilise their brains as well as their hands. In the long run a successful scheme can create a cost-conscious workforce, which will tend to be more open to change, says the society.

So what makes for a successful suggestion scheme? Resinous Chemicals, a subsidiary of Berger Paints which makes synthetic coatings, one of the companies shortlisted for an award, designed its scheme last year as part of a general attempt to stimulate innovation and creativity within the company. The scheme, drawn up by a group of "innovation co-ordinators," established a set of committees and "network teams" to channel ideas and replies.

In contrast to Resinous Chemicals' determined logic and structure, GEC Avery, the electronic weighing equipment maker, revitalised its scheme in 1981 through a much simpler method: a wave of internal publicity, simplified forms, and higher awards for accepted suggestions.

Common sense

Whether the result of management school seminars, or merely common sense, a successful suggestion scheme usually combines several features.

It is essential that the scheme is sold to the employees. Resinous Chemicals for instance, produced a series of striking posters emblazoned with "Provide ideas for Progress." Colt International, the heating and ventilation systems manufacturer, relaunched its dormant scheme in mid-1985 with a competition to find a name for it.

Colt followed this up with a series of other simple changes to revamp the scheme. "We installed many more collection boxes, with standardised forms which are easy to fill in. They used to be collected monthly; now they are collected on a weekly basis by a scheme co-ordinator. In the past the suggestions were judged by the head of department who may have had a particular axe to grind. Now the ideas are judged within a month by a committee, and the suggester is kept informed about the progress of the idea," says John Edwards, a Colt executive.

The efficiency of the scheme has clearly impressed Colt's 800 employees. In the first year of the relaunch suggestions rose from 3 per cent of the workforce to 29 per cent.

British Airway, with 40,000 employees, had to take a different approach. The scheme is split into five sections covering engineering, customer services, central services, technology and US employees. Suggestions are sent to a central address in the UK and acknowledged by return.

Most companies with successful schemes say that speed of reply is essential to build up the credibility of the scheme. "A long wait persuades people that management are not really interested," says Edwards.

Of key importance is the way in which suggestions are rejected. Many schemes ban the word "rejected." The Abbey National Building Society informs workers that their idea was "not adopted," and it gives awards for thoughtful and near-miss suggestions.

The clear support of senior management is also crucial. At Colt International the managing director sits on the adjudication committee and throws his weight behind ideas of note, to speed up their implementation.

The final ingredient is the awards structure. Like most, the GEC Avery scheme offers an automatic £10 award for all ideas that are judged worthy of consideration even if they are taken no further. The top prize is £750. Since the scheme was revamped the number of suggestions has nearly quadrupled and the annual awards have risen from £1,395 in 1981, to £7,825 last year. The top award at British Airways is £10,000; last year the company paid out £81,170 in scheme awards.

In most schemes the top awards are related to the savings that accrue. At Colt International, the best ideas are rewarded with a sum equal to the first year's annual savings.

The "dusty-box-in-a-corridor" image of suggestion schemes may be unglamorous and the fine detail of how a scheme is run may be rather tedious. But the message from these successful schemes is clear: companies which think they can do without their workers' ideas are neglecting a vital resource.

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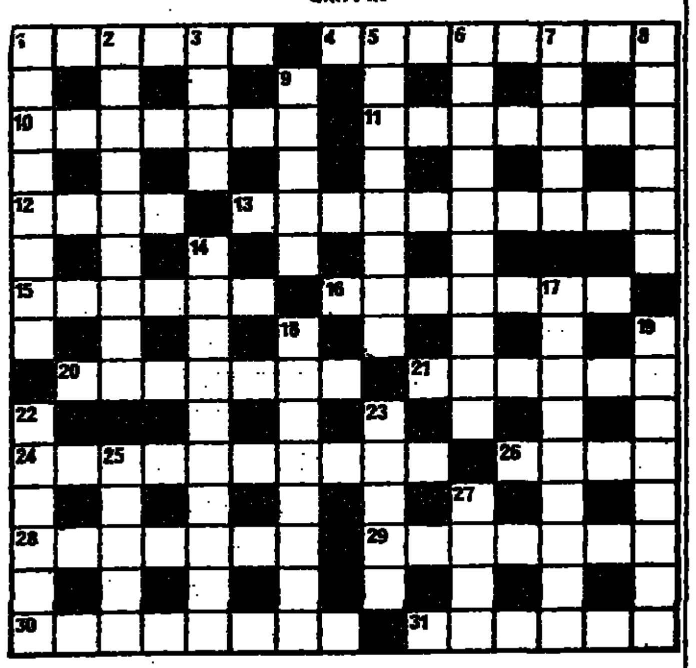
AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

FT CROSSWORD PUZZLE No. 6,201

GRIFFIN



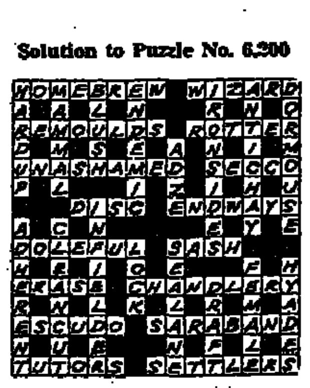
ACROSS

1 Staggered to see Ruby embracing a swimmer (6)
4 Creates confusion around river banks (8)
10 A bad tiff with Eileen cut by half the number of players (7)
11 In the finish a new tree is put in (7)
12 Back family, putting a number in prison (4)
13 When there's nothing in, I M.O.T. a blue convertible car (10)
15 Dried fruit is put in water (6)
16 Race official treats injured runner first (7)
20 Papers unusually hard to get into, maybe (7)
21 Oriental theologian holds fighting man (6)
24 People wanting good time pay him (10)
26 Unhappy Tory (4)
28 New rule: a key is included for ease (7)
29 Give up writing odd clues about races (7)
30 Even the new figure is included in the date (8)
31 Design home with portable holiday accommodation (6)

DOWN

1 Sugar factory engineers with elegant clothing (8)
2 Telling operative — (9)
3 — the apple picker has not started yet (4)
5 With which you should see the dentist? (8)
6 Declining potentially great order (10)
7 Barker is top Canadian or US soldier (5)
8 Soaked through turf by the study (6)
9 One can smell a cigarette (5)
14 In the main it warns people of a window firm (10)
17 Something once shouldered by military men (9)
18 Pop back with father (perhaps that's obvious) (8)
19 Sticking notice on present, a set of books (8)
22 Number of luncheon voucher found in dainty envelope (6)
23 In case the article to be included is the smallest (5)
25 Race poor Bert around lunchtime (5)
27 Try and reverse (4)

Solution to Puzzle No. 6,200



INSURANCES

AUTHORISED UNIT TRUST & INSURANCES

American Life Insurance Co UK
2-8 Altyre Road, Croydon CR9 2LG 01-680 7181

Alpha Range—Life			
Managed Acc	95.3	100.3	+0.1
American Acc	100.7	106.0	−0.6
Deposit Acc	99.6	104.9	+0.1
European Acc	110.8	116.6	−0.1
Far Eastern Acc	114.9	121.0	+0.9
Fixed Interest Acc	85.2	87.6	+0.6
International Acc	109.3	115.0	−0.2
Property Acc	119.8	126.1	−0.3
UK Equity Acc	93.0	97.9	
Alpha Range—Pensions			
Managed Acc	97.8	102.9	
Premier Range			
Managed Acc—Life	107.7	113.4	−0.4
Managed Acc—Pensions	108.9	114.6	−0.6

Other unit prices available from American Life

Baltic Assurance Funds
20, Chiswell St, London, EC1Y 4TY 01-374 6801

Managed Growth	255.03	268.45	+0.15	—
Managed Income	118.42	124.66	+0.83	

Barclays Life Assur. Co Ltd
252 Romford Road, London E7 01-534 5544

Barclaybond	356.4	375.2	+0.4	—
Managed Accum.	302.1	318.1	+0.4	-
Equity Accum	438.4	461.5	+0.8	-
Property Accum	206.9	217.8		
International Accum	277.6	292.3	+0.8	
Gilt-edged Accum	195.0	205.3	−0.2	—
Money Accum	176.4	185.7		—
American Accum	183.0	192.7	+1.2	—
Australia Accum	162.8	171.4	+1.0	—
Financial Accum	205.3	216.2	+0.1	-
"500" Accum	220.5	232.2	+0.4	
European Growth Accum	146.4	154.2	+0.4	—
Income Accum	242.5	255.3	+0.1	—
Japan & Gen Accum	326.2	343.4	−0.9	—
Leisure Accum	149.2	157.1	+0.6	—
Spec Sits Fd Accum	123.0	129.5	+0.5	—
Universal Tec Accum	110.9	116.8	+0.4	-
Managed Pns Accum	404.0	425.3	+0.7	—
Equity Pns Accum	147.2	155.0	+0.4	-
Intnl Pns Accum	156.1	164.4	+0.6	-
Gilt-edged Pns Accum	278.2	292.9	−0.5	-
Money Pns Accum	256.9	270.5		-
Property Pns Accum	107.4	113.1		

For prices of initial Units phone 01- 534 5544.

Black Horse Life Ass. Co Ltd
346a High St, Chatham 0634 405161

Black Horse Man. Fd.	360.77			—
Income Fd.	331.25	348.69		—
Extra Income Fd.	314.55	331.11		—
Worldwide Growth Fd.	332.88	350.40		—
Balanced Fd	290.42	305.71		—
Smlr Co's & Recov Fd.	361.62	380.60		—
Int. Technology Fd	327.26	344.49		—
Nth. Amer. & Gen Fd.	210.38	221.46		—
Energy Int. Fd.	116.90	123.06		-
Pacific Basin Fund	244.73	257.62		—
German Growth Fd	145.60	153.27		—
Japan Growth Fund	144.47	152.08		—
Equity UK Growth Fd.	101.96	107.33		—
Equity Ctl Eur Grth Fd.	100.60	105.90		—
Property Fd.	182.52	192.13		—
Fixed Interest Fd.	172.73	181.83		—
Cash Fd.	167.44	176.26		—
Managed Inv. Fd	250.02	263.18		—

British National Life Assurance Co Ltd
Perrymount Road, Haywards Heath 0444 414111

Managed Fd.	210.1	221.1		—
Property Fd.	172.7	181.7		—
Equity Fd.	240.8	253.5		—
New Tech Fd.	152.9	160.9		—
American Fund	110.0	115.8		—
Intl Fd.	281.9	296.7		—
Fixed Int. Fd.	132.7	139.7		—
Deposit Fd.	121.5	127.9		—
Managed Series 2	209.7	220.8		—
Intnl Series 2	281.6	296.4		—
Equity Series 2	240.5	253.2		—
Managed Pens. Acc.	269.3	283.4		—
Managed Pens. Cap.	210.0	221.1		—
Property Pens. Acc.	205.3	216.1		—
Equity Pens. Acc.	295.7	310.7		—
New Tech Pens. Acc.	175.6	184.8		—
Intl Pens. Acc.	392.1	412.9		—
Fixed Int. Pens. Acc.	151.5	159.4		—
Savory Milln SMF Life	136.2	143.4		—
Cobbold SMF Life	141.5	148.9		—

Canada Life Group
2-6 High St, Potters Bar, Herts P. Bar 51122

Equity Gth Sept 29	1.519			—
Retirement	5.361			
Individual Pension—Distribution				
Managed Pen Fund	287.1	302.3		
Property Pen Fund	131.0	137.9		—

Cornhill Insurance PLC
57 Ladymead, Guildford 0483 68161

Equity Fd (A&B) Dec 10	258.5	272.5	+6.5
Fixed Int (A&B) Dec 10	164.0	173.0	+0.5
Man Grwth (A&B) Dec 10	531.0	559.0	+2.0
Money Fd (A&B) Dec 10	142.5	150.5	+0.5
Cap Fd (A&B) Nov 15	400.0		
G&S SpecFd (A&B) Nov 15	166.0		
FarEastEqty A&B Dec 10	187.4	197.5	
N.Amer Eqty (A&B) Dec 10	106.0	112.0	−2.5
IntTechgy (A&B) Dec 10	155.5	164.0	−1.0
Property (A&B) Dec 10	197.5	208.0	+1.0

Credit & Commerce Life Ass. Ltd
74 Shepherds Bush Green, W12 8SD 01-740 7070

Life Funds				
UK Equity	142.6	150.3	−0.4	
American Equity	124.6	131.4	−0.5	
Far East Equity	171.4	180.8	+3.6	
Managed Fund Acc.	371.0	391.0		
International Equity	189.2	199.6	−0.7	
Gilt Edged	181.0	190.9	+1.3	
Money Fund	144.7	152.6		
CCL Henderson	162.1	171.0	−0.2	
CCL Perpetual	204.0	215.2	−1.0	—
CCL Property	229.5	242.1	+0.2	—
Smaller Cos.	254.0	267.9	+2.3	—
Perpetual Eurogrowth	117.2	123.6	−4.0	—
CCL Hend'son Prime Res.	97.6	102.9	+0.3	—

Criterion Assurance Group
Swan Court, Petersfield, Hants 0730 63281

Ultimate Mngd Fund	173.0	182.2		—
Criterion Mngd Fund	166.1	174.8		—
Pension Mngd Cap	52.4	55.2		—
Pension Mngd Acc	61.8	65.1		—
Pension G'nteed Dep Ac	34.7	36.5		—

For closed Fund unit prices ring 0730 63281

Crown Financial Management Ltd
Crown Hse, Woking GU21 1XW 04862 5033

Life Funds				
American Acc.	102.6	107.9	+0.5	—
Equity Acc.	380.2	400.2	+2.2	—
European Acc.	184.0	193.6	−0.2	—
Fixed Interest Acc	209.3	220.3	−0.6	—
High Income Acc.	361.4	380.4	+2.0	—
Intnl. Acc	350.5	368.9	+1.4	—
Inv. Trust Acc.	416.4	438.3	+1.1	—
Japanese Acc.	168.5	177.3	+0.1	—
Managed Acc.	314.5	331.0	+0.9	—
Money Acc.	179.7	189.1	+0.1	—
Property Acc	186.5	196.3		—
Individual Pension Funds(z)				
American	117.3	123.4		—
Equity	383.5	403.6		—
European	262.4	276.2		—
Fixed Interest	200.4	210.9		—
International	164.5	173.1		—
Investment Trust	144.3	151.8		—
Japanese	242.3	255.0		—
Managed	277.8	292.4		—
Money	174.3	183.4		—
Property	107.2	112.7		—
Group Pension Funds(z)				
American	120.0	126.3		—
Equity	400.8	415.3		-
European	268.5	278.2		—
Fixed Interest	219.7	227.4		—
International	168.2	174.3		—
Investment Trust	147.6	152.9		—
Japanese	247.9	256.8		—
Mixed	380.7	394.5		—
Money	225.7	233.8		—
Property	109.7	113.6		—
Other Funds(z)				
Brewin Equity	490.2	515.9		-
Crown Brit. Inv. A	469.2	555.2		
DBS Managed	187.0	196.8		—
Growth Acc	207.8	218.7		-
Heritage	216.9	228.3		—
Longside Mngd (Life)	110.4	116.3		—
Longside Managed Pens.	118.4	124.6		-
PE Coronet	251.8	265.0		—
Sage	165.9	174.6		

Crusader Insurance Plc
Reigate, Surrey RH2 8BL 07372 42424

Measured Performance	98.8	104.3		—
Performance Plus	100.5	106.0	−0.1	—
With Profit Perform	96.7	102.3	+0.1	—
UK Opportunity	94.8	100.5		—
European Opportunity	109.3	115.7		-
Nth American Opp.	97.4	102.9	−0.7	—
Far Eastern Opp.	102.1	107.6	−0.1	—
Gwth Prp Ser 1 Dec 4	138.9	150.0		—
Gwth Prp Ser 2	95.4	100.9		—
Fixed Interest	91.7	97.0	+0.6	—

Royal Heritage Life—Contd

Europe	111.3	117.2	−0.4	
Growth & Income	92.3	97.2		
Japan Special	100.4	105.7	+0.7	
Japan Energy	97.7	102.9	−0.2	-
First Japan	103.8	109.3	+0.5	-
First North America	93.1	98.1	−0.5	
First Smaller Cos.	98.7	103.9	−0.2	
Managed	108.6	114.4		
MIM Britannia—Series A				
American Growth	91.7	96.1	−0.6	-
European Smaller	119.1	125.4	−1.1	
International Leisure	91.4	96.3		—
Gold	82.5	86.9	+1.5	—
US Income	119.9	126.3	−0.7	-
US Smr Co's	79.7	83.9	−0.8	
Commodity	119.9	126.3		—
Extra Inc	135.9	143.1	+0.2	-
Far East	189.7	199.7		
Fin Secs	57.3	60.4	−0.8	-
Gold	190.6	200.7		—
Inc Growth	151.1	159.1	−0.7	—
Intl Growth	209.6	220.7	+3.5	—
Intl Recovery	215.0	226.4	−1.5	-
Japan Perf	101.7	107.1	−0.6	—
Japan Smlr Cos	182.2	191.8	+0.1	—
Nat High	167.6	176.5	−0.2	-
Prop Shares	198.9	209.4		—
Smaller Cos	40.0	42.2	−0.1	—
Utd Energy	124.3	130.9	−0.6	—
World Tech	178.1	187.5	−0.7	—
Mar Growth	81.1	85.4	+0.3	—
Gilt	98.5	103.7		—
Hong Kong	117.5	123.7	−0.1	—
Amer Growth	104.4	109.9		—
Gartmore Funds—Series A				
American	163.4	172.0	−1.8	—
Australian	106.8	112.5	−0.1	—
British	172.9	182.1	+0.5	—
Commodity	144.2	151.8	−2.1	—
European	153.6	161.7	−0.3	—
Extra Inc	171.1	180.2	+0.9	—
Far East	255.3	268.8	+0.3	—
Int'l Fixed Interest	89.6	94.4		—
Global Strtgy	323.6	342.7		—
Gold Share	56.3	59.3		—
Hong Kong	112.2	118.2	+2.9	-

Scottish Mutual Investments—Contd

Scottish Provident Institution
6 St Andrews Sq, Edinburgh

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU

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هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd				
Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461				
CAFCASH Call Fund	10.75	8.03	11.81	3-mth
CAFCASH 7-day Fund	10.75	7.99	11.75	3-mth
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	10.70 (11.14CAR)			3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	10.77	8.05	11.76	6mth
7-day Fd	10.69	7.99	11.67	6mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	10.44	7.80	11.20	6-Mth
7-day Fund	10.39	7.77	11.15	6-Mth
Dollar	6.81	3.60	5.14	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	10.25	7.50	10.86	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.25	7.66	11.10	Qtr
Mnthly Chq £1000-£5000	10.00	7.49	10.90	Mth
Mth Int. Chq. £5,000+	10.25	7.66	11.18	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-283 9111				
High Int. Cheque Acc	11.00	8.22	12.03	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	10.25	7.66	11.18	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	7.50	10.86	Qtr
Benchmark Trust Ltd				
9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	10.25	7.66	11.16	Mth
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2R 7HE 01-606 9833				
Demand Acc	10.75	8.04	11.66	Qtr.
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	10.50	7.85	11.46	Mth
U.S. Dollar	5.375	4.02	5.76	Mth
German Marks	4.00	2.99	4.27	Mth
Swiss Francs	1.00	0.75	1.06	Mth
Japanese Yen	3.50	2.62	3.73	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove 01-581 1422				
Money Market Plus	Top rate	7.65	11.17	Mth
For other rates please 'phone our Rateline 01-583 0629				
Co-operative Bank Cheque & Save				

rate Int Cr frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Securities	30
Grand Met	48	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	BOM	$3\frac{1}{2}$
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	$3\frac{1}{2}$
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

Maize import plan angers EEC grain trade lobby

BY TIM DICKSON IN BRUSSELS

AN EXTRAORDINARY row has erupted in Brussels over a European Commission plan to purchase 600,000 tonnes of maize from outside the EEC (most of it from the US).

Under the proposed scheme—which has not yet been presented to member states in detail—the Commission would purchase the maize at world market prices, keep it in the Community's "intervention" stores, and sell it on to the European market (almost certainly to Spain) at a later date.

The idea has infuriated Coceral, the Association of Grain and Feed Traders in the EEC, which claims that the measure "gives the EEC the function of a 'grain board'—a function it has always, rightly, rejected."

In a letter to Mr Frans Andriessen, the EEC's Farm Commissioner, Coceral complains that "even overriding political reasons in no way justify such a concentration of market power in the hands of the EEC Commission, leaving for the trade nothing but the role of an assistant in implementation—a role fraught with risks."

The Commission's strategy follows its largely unsuccessful efforts to meet a commitment to import up to 1.4m tonnes of third country maize made under a temporary six-month agreement signed by the US and the EEC in July.

Spanish demand for imported maize has been exceptionally high in the last few months because of the drought this summer and the Commission has taken a number of intiatives to ease the situation, as well as meeting its obligations to the US.

It recently announced, for example, that both a special Ecu 8 subsidy would be granted on EEC maize going to Spain and an additional Ecu 8 reduction in the import levy would be granted for "third country" maize. So far about 450,000 tonnes of French maize have been granted the subsidy but no bids for Spain have been allowed for grain of US or non-EEC origin.

The Commission's new tactics, according to officials, are dictated by the face that traders at the recent weekly tenders have been putting in unrealistically high bids for reductions in the EEC import levy.

● Speculation that a major butter deal is currently being negotiated between the EEC and the Soviet Union has been heightened by the imminent expiry of special international rules which permit cheap butter sales.

The European Commission yesterday was formally making no comment. But an official pointed out that the international agreement which permits sales at knockdown prices of "old" butter stocks in minimum quantities of 100,000 tonnes runs out at the end of the year.

The concession comes in a special "derogation" to the International Dairy Agreement which sets minimum prices — currently $1,000 a tonne in the case of butter—for ordinary commercial sales of dairy products.

The main signatories to the IDA are the EEC, New Zealand, Australia and certain non-Community European countries.

Cheap sales of butter to Russia and other "controversial" destinations have caused a major political outcry in the past couple of years. The last deal for about 100,000 tonnes was announced in April at a price thought to be less than 10p per pound.

EGYPT WILL buy 2m tonnes of Australian wheat in 1987 under an agreement with the Australian Wheat Board (AWB), the Board announced in Cairo yesterday, reports Reuter.

It gave no details of the value of wheat to be sold but an official said the package also provided for technical assistance and the construction of silos in southern Egypt.

Farm aid agency seeks funding boost

By A Special Correspondent

MR IDRISS Jazairy, president of the International Fund for Agricultural Development (Ifad), yesterday formally presented proposals designed to reduce the uncertainty over the fund's future funding and structure to its governing council in Rome.

The fund, which was set up as a specialised UN agency in the late 1970s to aid small farmers and the landless poor, has recently been dogged by wrangling over money between the industrial countries and members of Opec, which were supposed at the outset to contribute half the funding each.

Mr Jazairy's proposals for future funding include extending Category II of donors, which currently comprises Opec, to include richer developing countries such as Brazil and South Korea. This would boost that category's contributions, allowing members of the Organisation for Economic Co-operation and Development to pay up more in proportion.

Mr Idriss Jazairy . . . aims to reduce uncertainty

Other suggestions seriously canvassed include cutting the maturity period of Ifad loans and giving more to richer developing countries which can afford to pay higher interest rates.

However, many countries, including the US, are keen to maintain Ifad's focus on the poorest of the poor. They would like the fund to continue to provide highly concessionary grants to the neediest countries.

Mr Jazairy's proposals will be thrashed out in a special committee over the next year, before discussions on the fund's third financial replenishment begin at its next council meeting.

Ifad says it has lent $2.3bn and mobilised additional funds totalling $7.1bn for 188 projects in 88 developing countries.

Tin affair likened to South Sea bubble

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE AFFAIRS of the International Tin Council are "a public scandal the like of which has not been seen since the South Sea Bubble," it was alleged in the High Court yesterday.

The comparison was made by Mr Andrew Morritt, QC, representing Amalgamated Metal Trading, a London Metal Exchange trader that wants the ITC to be wound up by the court.

AMT, a subsidiary of Preussag, the West German metals group, is opposing an attempt by the ITC, of which it is a creditor for £5.3m, to have the winding-up petition struck out on the ground that the court has no jurisdiction over the ITC.

Mr Morritt said that the court had heard a great deal from counsel for the ITC and the UK Government, which supports the ITC's application, about Crown prerogative and sovereign immunity.

What the case was actually about, said Mr Morritt, was "a defaulting debtor who, after speculating in commodities, leaves a train of unsatisfied creditors behind him."

It was unique in a number of respects.

Never before had such an organisation as the ITC so misbehaved. It had unpaid debts running to several hundred million pounds. It sought to avoid any examination of the conduct of its affairs. It apparently proposed to continue with its other activities without paying its creditors.

No proposals had been made for the payment of creditors and the UK Government, one of the 22 member states of the ITC, had done nothing.

If the court had no jurisdiction it would be a reflection on English law, Mr Morritt said. But, he contended, the court did have jurisdiction and should dismiss the ITC's application.

There were, he said, three questions for the court:

Was a winding-up petition "legal process" within the meaning of the 1972 International Tin Council (Immunities and Privileges) Order?

If it was, was it enforcement of an arbitration award from which the ITC was not immune under the 1972 Order?

If not was the ITC an "association" within section 665 of the 1985 Companies Act that could be wound-up by the court as an unregistered body?

Mr Morritt said that a great deal had been said about the member states being sovereign states. It was, however, a fallacy to infer that from that that, as sovereign states, they were in some way immune, so that the ITC was likewise immune.

The ITC, he argued, existed at two levels: at one under international law; at the other under English domestic law

The hearing continues today.

No sense of urgency at coffee pact quota talks

BY OUR COMMODITIES STAFF

COFFEE EXPORTING and importing countries yesterday in effect deferred any decision on reimposing quota restrictions into the New Year.

The executive Board of the International Coffee Organisation, which regulates the trade, cut short what was supposed to be a two-day meeting to discuss the resumption of export quotas after delegates displayed little enthusiasm for the idea.

Quotas, the device by which the ICO normally props up prices, were suspended in February after a sharp rise in prices. Yesterday's meeting was called when the organisation's 15-day moving average price dropped below 145 US cents per pound. Quotas cannot be reimposed until ICO members agree on how to divide up the world market.

Producing countries, led by Brazil, argued yesterday that the present low prices were not justified, but said that if the market continued to be depressed further meetings could be held in January. Consumers, meanwhile, asked producers to explain a recent statement by Latin American exporters setting an export target for the first three months of next year. This is seen by the US and other importers as an attempt to bolster prices outside the framework of the coffee agreement, and as such a possible violation of its spirit.

● The US Department of Agriculture has cut its estimate of world 1986/87 coffee production to 81m bags, 2 per cent below its June estimate of 82.9m, and 16 per cent down from last year's total of 95.8m.

Fish oil consumption down 40 per cent

BY ANDREW GOWERS

CONSUMPTION OF fish oil, normally an important ingredient in margarine and biscuits in European countries, has collapsed this year as edible oil refiners have switched to palm oil, according to figures just published by the International Association of Fish Meal Manufacturers.

The association says imports by the three main fish oil consuming countries—the UK, West Germany and the Netherlands—between January and August were 40 per cent below their level in the same period of 1985. This reflects the recent sharp fall in palm oil prices, which has wiped out the price advantage which fish oil has traditionally enjoyed.

Normally, fish oil is significantly cheaper than rival oils, but the association said that in the first half of 1986, London spot prices of crude fish oil and crude palm oil were about the same, at £200 per tonne.

FISH OIL PRODUCTION
(January-September, '000 tonnes)

	1986	1985
Peru	182	75
Japan	146	158
US	142	122
Chile	88	69
Norway	82	120
Denmark	68	58
Iceland	52	48
S & S-W Africa	24	25

To make matters worse, fish oil production is running higher this year than last in most of the main exporting countries—Peru, Chile, the US, Iceland and Denmark—while it is down in Japan and Norway. Stocks are higher than last year, the association says, with prices remaining at "an historically low level."

The picture is brighter for fish meal, which is used in animal feed. Production in the main exporting countries (broadly the same as those exporting fish oil) between January and September totalled 2.08m tonnes, about 20 per cent up on the equivalent in 1985. But consumption was also up in West Germany and the Far East (excluding China), and stocks at the end of September were about the same this year as last.

In the UK, however, consumption has fallen in recent months—probably as a result of large subsidised sales of cheap skimmed milk.

LME studies Singapore warehouse plan

By Stefan Wagstyl

THE LONDON Metal Exchange is considering a plan to open a registered warehouse in Singapore, reviving a long-standing debate over extending the exchange's warehouse from Europe to the Far East.

The exchange's ruling Board and committee this week sent out a report to members asking for comments on an application from an unnamed company to open a Singapore warehouse, which would carry stocks of aluminium, copper, lead, zinc and nickel.

The exchange has registered warehouses in ports and industrial centres throughout Western Europe. Run by independent storage companies, the warehouses are designated delivery points for metal bought and sold on LME contracts.

Some trading companies argue that warehouses in the Far East would encourage more Far Eastern metals companies to use the LME. But others take the view that it could spread the exchange's stocks too thinly and reduce liquidity in the market.

Those who favour opening a Far Eastern warehouse are divided about its possible location. A strong lobby favours Japan — but the exchange authorities believe that there could be serious technical obstacles to a Japanese warehouse. Japanese tax and import duty rules would not allow metal to be stored duty-free in bond in the same way it is in designated warehouses in Europe.

Supporters of Singapore say it is an important trading centre, with good shipping links to metal-consuming countries. Opponents argue that, unlike Tokyo or Hong Kong, it is not based upon a large industrial economy and a lack of local metal consumers could jeopardise the chances for success.

After canvassing exchange members, the Board and committee could make a decision on the application as early as February.

The exchange is making progress meanwhile on proposals for a new aluminium contract for metal of 99.7 per cent purity, as opposed to the current 99.5 per cent purity contract.

The existing contract was introduced four years ago in the teeth of opposition from several primary aluminium producers, who believed that it would undermine prices. The success of the contract as a pricing medium in the industry has persuaded at least some producers to acknowledge its importance and press for changes. These companies strongly support a 99.7 per cent contract firstly because most of the metal traded in the world is of that purity and secondly because they fear that the public LME quote for 99.5 per cent metal tends to undermine prices for higher-grade material.

Exchange members and customers are discussing whether it should be priced in sterling, as all other LME contracts, or in US dollars, the currency in which most of the business is done.

The Board and committee are putting the final touches to their proposals for a clearing house trading system to replace the existing principal-to-principal market. After months of debate with the Securities and Investments Board, the City regulatory body, the exchange authorities are to report which is to be sent to members before the end of the year.

Late harvest slows orange juice sales

By Ann Charters in Sao Paulo

ORANGE JUICE exports from Brazil, by far the world's largest exporter, have slowed to a trickle, partly as a result of a delay in harvesting the 1986-87 crop.

Exports between January and October totalled $385m (£410m), down 7.5 per cent from the same period of last year, with October exports at only $3m, off 93 per cent from the previous month and 94 per cent compared with October, 1985.

Growers are experiencing an extended harvest period following last year's drought, with the largest number of oranges ripening in December, January and February. The volume produced is expected to be large. The state of Sao Paolo's Agricultural Economics Institute estimates the 1986-87 crop provisionally at 194m boxes, well up from earlier estimates of 170m.

With Brazil's consumer spending boom spilling over into foods, domestic consumption has more than tripled from a lacklustre 17,000 boxes last year to 60,000 boxes this year.

The US International Trade Commission imposed a preliminary anti-dumping surcharge of 8.54 per cent on Brazilian frozen orange juice concentrate exports to the US in mid-October.

LONDON MARKETS

THE LONDON Metal Exchange aluminium market continued its recent advance yesterday when the cash position gained £6.50 to £896 a tonne, a four week high, taking the rise on the week so far to £18 a tonne. Dealers said buying was encouraged when the price broke through an established resistance area at about $1,140 a tonne. Other LME metals were also firm with cash Grade A copper recovering Wednesday's decline with a £5.75 rise to £932.50 a tonne and lead and zinc registering modest gains. The exception was nickel, which fell £31.50 in the cash position to £2,496 a tonne in response to persistent trade selling. Among the soft commodities coffee gained a few pounds, halting the recent sustained decline, and cocoa values built on Wednesday's upturn. Sugar prices were little changed on the day.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

Official closing (am): Cash 801-1.5 (798.5-9), three months 811.5-2 (807.5-8), settlement 801.5 (799). Final Kerb close: 814.5-15. Turnover: 12,950 tonnes.

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	805-5.5	+6.5	801.5/801
3 months	815.5-6	+7	818/816

COPPER

Grade A	Unofficial close	+ or −	High/Low
Cash	932-3	+5.75	933.5/933
3 months	952.5-3	+5	954/949

Official closing (am): Cash 933-3.5 (927-7.5), three months 953-3.5 (948.5-9), settlement 933.5 (927.5). Final Kerb close: 952-52.5.

Standard			
Cash	902-3	+5	904.5
3 months	930-1	+5	

Official closing (am): Cash 904-4.5 (897-8), three months 930-1 (925-5.5), settlement 904.5 (898). US Producer prices: 63.50-65.50 cents per lb. Total turnover: 21,200 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	365.5-6.5	+5	368/367
3 months	327.5-7.75	+2.87	328/325

Official closing (am): Cash 368-8.5 (365-6), three months 327-7.5 (324.5-5), settlement 368.5 (366). Final Kerb close: 327.5-28. Turnover: 3,700 tonnes. US Spot: 24-29 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2492-500	−31.5	2515
3 months	2560-5	−34	2565/2554

Official closing (am): Cash 2,512-5 (2,530-3), three months 2,573-5 (2,586-6), settlement 2,515 (2,533). Final Kerb close: 2,541-41.5. Turnover: 11,400 tonnes.

TIN

Kuala Lumpur Tin Market: Close 16.51 (16.70) ringgit per kg. Down 0.19 ringgit per kg.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	549-3	+4	547/546
3 months	537-8	+1	541.5/543.5

Official closing (am): Cash 548-7 (538-8.5), three months 540-40.5 (534-4.5), settlement 547 (538.5). Final Kerb close: 541-41.5. Turnover: 11,400 tonnes. US Prime Western: 44-47.50 cents per lb.

GOLD

Gold fell $2½ an ounce from Wednesday's close in the London bullion market yesterday to finish at $388-388½. The metal opened at $390-390½ and traded between a high of $390-390½ and a low of $386½-387½. Trading was quiet with the dollar's firmer trend accounting for the decline.

GOLD BULLION (fine ounce) Dec. 11		
Close	$388-388½	(£272-272½)
Opening	$390-390½	(£273¼-274)
M'n'g fix	$388.75	(£272.769)
Aft'n'n fix	$388.40	(£272.734)

GOLD AND PLATINUM COINS		
Am Eagle	$400-405	(£281-284½)
Mapleleaf	$402½-407	(£283-286)
Kr'r'nd	$389-392	(£273¼-275½)
½ Krug	$197-200	(£138½-140½)
¼ Krug	$99-100	(£69½-70½)
[illegible]	[illegible]	[illegible]
Angel	[illegible]	[illegible]
1/10 Angel	[illegible]	[illegible]
New Sov.	[illegible]	[illegible]
Old Sov.	[illegible]	[illegible]
$20 Eagle	[illegible]	[illegible]
Noble Plat	[illegible]	[illegible]

SILVER

Silver was fixed 2.25p an ounce higher for spot delivery in the London bullion market yesterday at 375.6p. US cent equivalents of the fixing levels were: spot 535.25c, up 3.15c; three-month 542.4c, up 3.1c; six-month 550.05c, up 3.15c; and 12-month 566.05c, up 3.05c. The metal opened at 376-378p (536-538c) and closed at 376-378p (535-537c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unofficl	+ or −
Spot	375.60p	+2.25	376p	+3
3 months	385.15p	+2.10	386.5p	+3
6 months	395.05p	+2.05	—	
12 months	416.70p	+1.85	—	

LME—Turnover: 5 (21) lots of 10,000 ozs.

Cash: high 376p, low 375.5p; three month high 387p, low 386p, final Kerb 386-7p.

SOYABEAN MEAL

Prices were again on the defensive under commercial selling pressure throughout the session in quiet conditions and light volume, reports Muirpace.

	Yest'rdy's close £ per tonne	+ or −	Business done
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]

Sales: 65 (61) lots of 20 tonnes.

INDICES

REUTERS

Dec. 10	Dec. 9	M'th ago	Year ago
1634.5	1638.2	1615.4	1751.1

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Dec. 10	Dec. 9	M'th ago	Year ago
Spot	116.83	116.90	—	121.16
Fut	116.58	116.70	—	124.46

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 11 1986	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1210/230	+5	$1225/245
Copper			
Cash Grade A	£933.5	+5.75	£911.5
3 mths	£952.75	+5	£935.25
Gold troy oz	$388.25	−2.75	$407.25
Lead Cash	£366.5	+5	£339.5
3 mths	£327.62	+3.87	£323.25
Nickel			
Free Mkt	158/165c	−1	164/184c
Palladium oz	$117.50		$126.40
Platinum oz	$461.00	+0.4	$530.25
Quicksilver†	$160/170		$165/170
Silver troy oz	375.60p	+2.25	407.00p
3 mths	385.15p	+2.10	417.60p
Tin			
free Mkt	£4449/480	−50	£4430/450
Tungsten	$47.24		$45.98
Wolfram 22.0lb	$52/62		$52/62
Zinc	£542.5	+4	£576.5
3 mths	£537.5	+1	£563
Producers	$879		$920
OILS			
Coconut (Phil)	$410z		$360
Palm Malayan	$290x		$320
SEEDS			
Copra (Phil)	$265		$255
Soyabean (U.S.)	$150		$154
GRAINS			
Barley Fut. Mar.	£114.10	−0.15	£111.65
Maize	£144.00		£148.00
Wheat Fut. Mar.	£115.00	−0.10	£110.80
No. 2 Hard Wint.			
OTHERS			
Cocoa Ft. Mar.	£1446.5	+11.5	£1519.5
Coffee Ft. Mar.	£1687.5	+8.5	£2172.5
Cotton A Ind.	59.50c	+0.65	53.10c
Gas Oil Feb.	$130.25	+3.5	$133.75
Rubber (kilo)	63.75p	+0.5	65.25p
Sugar (raw)	$161.0x	+0.5	$155
Wooltops 64s	485p kilo		485p kilo

‡Unquoted. †Per 75 lb flask. c Cents a pound. x Cotton outlook. x Jan-Feb. z Dec-Jan. u Jan. w Feb.

COFFEE

With the nearby differentials narrowing further the market remained subdued, failing to attract any significant offtake, reports Drexel Burnham Lambert. In moderate volume values traded around Wednesday's levels.

COFFEE	Yesterday's close	+ or −	Business Done
Jan	1950-53	[illegible]	1960-1910
Mar	1685-90	+8.5	1647-1615
May	1626-28	+6.5	1650-1620
July	1660-70	+30.0	1670-1660
Sept	1695-05	+30.0	1695-1670
Nov	1690-20	+15.0	1710-1700
Jan	1800-30	+15.0	—

Sales: 4,787 (4,804) lots of 5 tonnes. ICO indicator prices (US cents per pound) for December 10: Comp. daily 1979 132.96 (131.76); 15-day average 135.08 (138.48).

COCOA

Following a slightly steadier opening futures attracted a little more interest in the day and closing levels were near the highs. Physicals were ignored by producers but once again light consumer offtake was seen, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or −	Business Done
Dec	1408-1409	+15.0	1409-1385
March	1446-1450	+11.5	1454-1433
May	1475-1476	+12.0	1480-1461
July	1500-1501	+13.5	1497-1487
Sept	1520-1525	+9.5	1521-1507
Dec	1547-1549	+9.5	1549-1535
March	1570-1577	+7.5	1575-1567

Sales: 2,590 (1,886) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for December 11: [illegible]; 10-day average for December 12: [illegible].

POTATOES

After five days of deliberation the market broke out of its recent narrow trading range, hitting limited stop-loss selling orders on the way, to close almost £3.00 down near the day's lows. The fall was in response to an unexpected easing (considering usual seasonal interest) in the UK physical quote and uncertainty over next year's prospects, together with a weaker Dutch market, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	108.00	109.00	—
April	156.40	159.30	159.00-156.50
May	175.80	177.80	178.00-175.80
Nov	96.50	97.50	—
Feb	96.50	97.00	—

Sales 746 (230) lots of 40 tonnes.

GRAINS

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent, Jan 108.25, Feb 107.60, Mar 108.50. French 11½-12 per cent, Feb 140.50. English feed fob, Dec 112.75 value, Jan/Mar 115.50/116.00, Apr/June 118.50/119.00 buyer/sellers. Maize: US No 3 yellow/French transhipment east coast, Dec 142.00. Barley: English feed fob, Dec 110.00-111.25 buyer/seller Peterhead, Jan/Mar 116.25-117.00 buyer/seller Peterhead, Jan/Mar 116.25 seller English/Scottish.

	WHEAT		BARLEY	
Month	Yesterday's close	+ or −	Yest'rdy's close	+ or −
Jan	109.95	−0.10	111.45	−0.05
Mar	113.00	−0.10	114.10	−0.15
May	115.25	−0.10	116.65	−0.05
July	117.30	+0.10	—	
Sept	100.55	−0.15	100.75	+0.05
Nov	103.55	+0.10	103.30	−0.05
Jan	106.85	+0.05	106.40	+0.05

HGCA—Locational ex-farm spot prices (including co-responsibility levy of £3.373 a tonne). Feed barley: S East 111.00, S West 112.10, N West 108.50. The UK monetary coefficient for the week beginning Monday December 15 will remain unchanged.

Business done—Wheat: Jan 110.00-9.90, Mar 113.20-3.00, May 115.35-5.30, July untraded, Sept 101.45, Nov 103.60, Jan 106.85. Sales: 176 lots of 100 tonnes. Barley: Jan 112.00-11.70, Mar 114.40-4.10, May untraded, Sept 100.75, Nov 103.60, Jan untraded. Sales: 148 lots of 100 tonnes.

Old crop wheat found speculative commission house buying [illegible], with trade pessimism [illegible] restitution authorisation, the market met further shipper selling. Barley stayed on shipping fob covering before easing on rumours of further EEC barley intervention releases, reports T. G. Roddick.

RUBBER

PHYSICALS — The London market opened about unchanged, attracted some covering interest throughout the day and closed quietly steady, reports Lewis and Peat. Closing prices (buyers): Spot 63.75p (same); Jan 61.75p (same); Feb 62.00p (same). The Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 216.5 (216) and SMR 20 198.5 (199).

FUTURES—Index 666, Jan 659-665, Jan-March 664-674, April-June 674-684, July-Sept 680-686. Sales: Nil.

US MARKETS

COFFEE FUTURES were mixed in thin trading as locals tried to reach commission house buy-stops around 142.50c, but soon ran into light trade selling above 141.75c and decided to take profits, reports Heinold. The market is still awaiting news of new Brazilian marketing arrangements, and trade houses were generally on the sidelines in moderate trading. The March position closed at 141.32c leaving the market vulnerable as the uncompetitive policies from Brazil are still showing their effect. Sugar futures were slightly higher as locals covered short positions from an early sell-off in low volume. Steady trade selling was countered by strong local buying to leave sugar consolidating in a narrow range. Precious metals futures were slightly higher in thin activity. Profit-taking from Wednesday's small gains and a stronger US dollar were pressuring influences, but yesterday's US retail sales data were interpreted as slightly bullish and this supported the market.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb	Close	High	Low	Prev
Dec	50.00			[illegible]
Jan	50.20			[illegible]
Feb	50.55			[illegible]
March	50.90	50.90	50.50	50.70
May	51.30	51.00	50.80	51.10
July	51.40			[illegible]
Sept	51.55			[illegible]
Dec	51.75			[illegible]
March	51.95			[illegible]

COCOA 10 tonnes, $/tonne	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500 lb, cents/lb	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lb, cents/lb	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000 lb, cents/lb	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels	Latest	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

SPOT PRICES—Chicago loose lard 14.00 (same) cents per pound. Handy and Harman silver bullion 535.0 (537.0) cents per troy ounce.

HEATING OIL 42,000 US gallons, cents/US gallons	Latest	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lb, cents/lb	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb	Close	High	Low	Prev
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lb, cents/lb	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

OIL

Nymex WTI for January opened 12c up on bullish indications from Geneva and gained a further 34c by 1.30 pm EST. In very thin trading forward Brent was initially unchanged but followed Nymex up during afternoon trading. In the petroleum products market gas oil and naphtha firmed on the back of futures, but trade was thin. Gasoline remained quiet—Petroleum Argus, London.

CRUDE OIL—FOB ($ per barrel)—Jan.	Latest	Change + or −
Arab Light	—	
Arab Heavy	—	
Dubai	$13.85-13.95	+0.225
Brent Blend	$15.00-15.10	+0.425
W.T.I. (1 pm est)	$16.40-16.50	+0.375
Forcados (Nigeria)	—	
Urals (cif NWE)	—	
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	140-144	
Gas Oil	130-132	+4
Heavy fuel oil	76-78	
Naphtha	120-122	+1

Petroleum Argus estimates

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 97.39p per kg lw (+3.09). GB—Sheep 215.28p per kg est dcw (+8.04). GB—Pigs 76.90p per kg lw (−0.27).

FUTURES—Pigmeat: Jan 101.50. Sales: 5. Pigs: Feb 95.60. Sales: 20. Live cattle: Feb 96.50. Sales: 5.

SUGAR

PARIS—(FFr per tonne): Mar 1213/1215, May 1245/1252, Aug 1285/1290, Oct 1310/1315, Dec 1350/1360, Mar 1396/1408.

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne		
Mar	147.4-147.6	147.4-147.8	148.2-146.8
May	151.0-151.2	151.4-151.6	152.0-150.6
Aug	156.0-156.4	156.4-156.6	157.0-155.6
Oct	158.2-158.4	158.4-158.6	159.0-158.0
Dec	163.6-164.0	164.0-164.4	164.0
Mar	171.4-172.4	171.6-172.0	172.4-171.8
May	174.0-175.4	174.8-177.8	175.0-174.8

Sales: 2,548 (2,598) lots of 50 tonnes.

LONDON DAILY PRICE—Raw sugar $151.50 (£106.50) up $1.00 (up 50p) a tonne for December-January delivery. White sugar $173.00, up $1.50.

Tate & Lyle delivery price for granulated basis sugar was £209.50 (£202.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for December 10: Daily price 5.79 (5.78); 15-day average 5.96 (same).

GAS OIL FUTURES

Month	Yest'rdy's close	+ or −	Business Done
	US $ per tonne		
Jan	127.25	+3.75	127.25-24.50
Feb	130.25	+3.50	130.50-27.50
Mar	130.75	+3.00	130.75-28.25
Apr	127.00	+3.50	127.00-25.00
May	125.00	+3.50	125.00-24.50
June	124.50	+2.50	—

Turnover: 5,296 (6,272) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yest'rdy's close	+ or −	Business Done
	US $ per tonne		
Jan	80.00	+2.00	80.00-79.25
Feb	81.00	+1.00	81.00-80.00
Mar	80.00	+1.00	—

Turnover: 2,034 (6,296) lots of 100 tonnes.

FREIGHT FUTURES

Dry Cargo	Close	High/Low	Prev.
Jan.	679	690/676	680/690
April	710/711	722/710	717
July	614/615	625/615	624/625
Oct.	710/720		720
Jan.	720/725		720
Apr.	780/800		740/800
July	665		660/710
Oct.	770	560	690
BFI.	706.5		706

Turnover: 294 (210).

Brewers elect chairman

MR ANTHONY FULLER, chairman and managing director of Fuller, Smith and Turner, the London family-owned brewing business has been elected chairman of the Brewers' Society.

He succeeds Mr Edward Guinness, vice chairman of Guinness Brewing Worldwide and chairman of Harp Lager.

In his two-year appointment Mr Fuller will lead brewers through a Monopolies and Mergers investigation into the tied house system through which the majority of brewers sell most of their beer.

هكذا من الأصل

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

US dollar little changed

THE DOLLAR finished slightly up from Wednesday's level in the foreign exchange market yesterday. Trading for most of the day was dull and featureless. Dealers suggested that trading for the rest of the year was likely to be confined to a narrow range. While end of year corporate demand has underpinned the US unit, there has not been any incentive to push it convincingly through the DM 2.02 level.

News of a 0.5 per cent rise in US retail sales was in line with market expectations although there was little likelihood of any movement developing even if the figure had shown an unexpected rise or fall. The non auto sector showed a rise of 0.9 per cent but as on previous occasions the retail sales figure has been notoriously unreliable as a means of interpreting US economic performance.

The dollar rose to DM 2.0180 from DM 2.0105 against the D-Mark and SFr 1.6880 from SFr 1.6815. It was unchanged against the yen at Y162.65 but rose against the French franc to FFr 6.61 from FFr 6.59. On Bank of England figures, the dollar's exchange rate index rose from 110.8 to 111.1.

STERLING—Trading range against the dollar in 1986 is 1.5555 to 1.3700. November average 1.4250. Exchange rate index closed at 68.3, unchanged from the opening but up from 68.2 on Wednesday. The six months ago figure was 76.5.

Sterling was slightly firmer overall in quiet trading. Once again there was very little interest in the pound ahead of the year end and although underlying sentiment was buoyed up by hopes of higher oil prices and a cut in interest rates in other major industrialised nations, the pound remained vulnerable in the longer term, with dealers pointing out that January has seen sterling come under severe pressure in recent years.

The meeting of Opec ministers in Opec resulted in a number of opening statements about the possibility of higher oil prices but there was no serious attention paid at such a preliminary stage. The pound finished at $1.4235 down from $1.4255 but rose to DM 2.87 from DM 2.8650 and SFr 2.4025 compared with SFr 2.3975. Against the yen it eased to Y231.50 from Y231.75 but rose against the French franc to FFr 9.41 from FFr 9.3950.

The Nigerian naira fell at the weekly auction in Lagos. The original effective rate was 3.2160 naira to the dollar compared with 3.0005 the previous week. However, the Governor of the central bank stated that a rate below 3.20 was not acceptable and as a consequence this became the effective rate.

D-MARK—Trading range against the dollar in 1986 is 2.4710 to 1.9660. November average 2.0227. Exchange rate index 142.7 against 135.2 six months ago.

There was little activity in Frankfurt yesterday. The dollar was fixed at DM 2.0009 against DM 2.0202 on Wednesday and there was no intervention by the Bundesbank. There was little activity because traders were reluctant to open fresh positions ahead of the New Year. Consequently the US unit traded within a narrow range and the prospect of further US economic data being released failed to create any speculative positions. A 0.5 per cent rise in US retail sales was exactly in line with expectations and so trading in the afternoon was extremely quiet. The dollar closed at DM 2.0185 from DM 2.0105.

JAPANESE YEN—Trading range against the dollar in 1986 is 202.70 to 152.35. November average 162.77. Exchange rate index 205.5 against 208.5 six months ago.

Trading was dull and featureless in Tokyo. The dollar closed at Y162.70 unchanged from Wednesday. With so little participation, traders were not expecting any response should US retail sales for October differ from expectations of a 0.5 per cent rise. Elsewhere the D-Mark rose to Y80.91 from Y80.57.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu December 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.2139	43.3044	+0.44	+1.08	±1.5368
Danish Krone	7.83701	7.86497	+0.61	+1.25	±1.6403
German D-Mark	2.11083	2.08157	−1.39	−0.75	±1.1127
French Franc	6.87316	6.82962	−0.63	+0.01	±1.3659
Dutch Guilder	2.37833	2.35298	−1.07	−0.43	±1.5059
Irish Punt	0.764976	0.764182	−0.10	+0.54	±1.6683
Italian Lira	1476.95	1442.88	−2.31	−1.99	±4.0734

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Dec. 11	Latest	Previous Close
£ Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Dec. 11	Previous
[illegible]	[illegible]	[illegible]

CURRENCY RATES

Dec. 11	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

*CS/SDR rate for Dec. 10; N/A.

POUND SPOT—FORWARD AGAINST THE POUND

Dec. 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Dec. 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 42.15-42.25.

CURRENCY MOVEMENTS

December 11	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.3	−25.1
U.S. Dollar	111.1	+3.1
Canadian Dollar	77.7	−12.6
Austrian Schilling	133.5	+9.3
Belgian Franc	97.3	−5.7
Danish Krone	89.9	+2.5
Deutsche Mark	142.7	+19.8
Swiss Franc	165.4	+19.9
Guilder	130.7	+13.0
French Franc	70.6	−12.3
Lira	48.1	−15.5
Yen	205.5	+52.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

EURO-CURRENCY INTEREST RATES

Dec. 11	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	10⅝-10⅞	10¾-10⅞	11⅛-11 3/16	11⅜-11½	11⅜-11½	11⅜-11½
U.S. Dollar	5 11/16-5 13/16	5 13/16-6 1/16	6 3/16-6 5/16	6 3/16-6 5/16	6-6⅛	6-6⅛
Can. Dollar	7¾-8¼	7¾-8¼	8⅛-8⅜	8⅛-8⅜	8¼-8½	8 5/16-8 7/16
D. Guilder	5⅝-5⅞	5 13/16-6 1/16	6 1/16-6 3/16	5 15/16-6 1/16	5⅞-6	5 11/16-5 13/16
Sw. Franc	1⅛-1⅜	1⅛-1⅜	4 5/16-4 7/16	4 5/16-4 7/16	4 1/16-4 3/16	4-4⅛
Deutschmark	4⅞-5	4⅞-5	5⅛-5¼	4 13/16-4 15/16	4¾-4⅞	4¾-4⅞
Fr. Franc	8⅜-8⅝	8½-8¾	8¾-9	9-9¼	8¾-9	8⅝-8⅞
Italian Lira	9-11	10-11	10¾-11¼	10¾-11¼	10⅝-11	10¼-10⅝
B. Fr. (Fin.)	6⅞-7⅛	7-7¼	7⅜-7⅝	7 5/16-7 7/16	7½-7¾	7½-7¾
B. Fr. (Con.)	6¾-7¼	7-7½	7-7½	7¼-7¾	7½-8	7½-8
Yen	4 3/16-4⅜	4⅜-4 7/16	4⅜-4 13/16	4 3/16-4½	4 5/16-4 7/16	4 5/16-4⅜
D. Krone	9-9½	9¼-9¾	9½-10	10-10½	10¼-10¾	10¼-10¾
Asian $ (Sing.)	6-6⅛	6-6⅛	6 3/16-6 5/16	6 3/16-6 5/16	5 15/16-6 1/16	6-6⅛

Long-term Eurodollars: Two years 6⅜-6½ per cent; three years 6 13/16-7 per cent; four years 7⅛-7⅜ per cent; five years 7⅜-7⅝ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Dec. 11	£	$
Argentina	1.7040-1.7110	1.1980-1.2020
Australia	2.1635-2.1665	1.5180-1.5190
Brazil	20.4399-20.5569	14.3670-14.4390
Finland	7.0375-7.0475	4.9450-4.9470
Greece	199.52-203.03	139.92-142.28
Hong Kong	11.0770-11.0870	7.7870-7.7890
Iran	109.15*	76.50*
Korea (Sth)	1232.08-1243.44	863.50-870.50
Kuwait	0.4185-0.4190	0.2940-0.2945
Luxembourg	59.65-59.75	41.90-42.00
Malaysia	3.6850-3.6910	2.5910-2.5930
N. Zealand	2.8125-2.8200	1.9750-1.9790
Saudi Ar.	5.3380-5.3430	3.7495-3.7505
Singapore	3.1175-3.1225	2.1915-2.1935
S. Af. (Cm)	3.1700-3.1930	2.2320-2.2370
S. Af. (Fn)	6.1200-6.3955	4.3010-4.4945
Taiwan	51.42-51.68	36.06-36.16
U.A.E.	5.2275-5.2325	3.6725-3.6735

* Selling rate.

EXCHANGE CROSS RATES

Dec. 11	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.424	2.870	231.5	9.410	2.403	3.243	1989.	1.964	59.70
$	0.702	1.	2.016	162.7	6.610	1.688	2.278	1397.	1.380	41.95
DM	0.348	0.496	1.	80.66	3.279	0.837	1.130	693.0	0.684	20.80
YEN	4.320	6.149	12.40	1000.	40.65	10.38	14.01	8592.	8.484	257.9
F Fr.	1.063	1.513	3.050	246.0	10.	2.553	3.446	2114.	2.087	63.44
S Fr.	0.416	0.593	1.195	96.36	3.917	1.	1.350	827.9	0.818	24.85
H Fl.	0.308	0.439	0.885	71.40	2.902	0.741	1.	613.4	0.606	18.41
Lira	0.503	0.716	1.443	116.4	4.731	1.208	1.630	1000.	0.987	30.02
C $	0.509	0.725	1.461	117.9	4.791	1.223	1.651	1013.	1.	30.40
B Fr.	1.675	2.384	4.807	387.8	15.76	4.024	5.431	3332.	3.298	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Late squeeze on gilts

LONG TERM gilt futures rose sharply in late trading on the London International Financial Futures Exchange yesterday reflecting a bear squeeze on the market. Dealers identified Barclays Wedd de Zoete as the major trader pushing the price up and suggested that the move was well engineered to catch the market out after an otherwise quiet day's trading. Long term gilts for March delivery opened at 108-13, and fell to a low of 108-06 in the morning, before moving up to 108-20, and then trading in a range of 108-12 to 108-16 for the rest of the morning. The contract drifted up to around 108-27, and was then driven quickly through 109-00 to a high of 109-16 in the last ten minutes of trading on Liffe, before Barclays Wedd de Zoete turned seller, taking the price down to 109-12 at the close, compared with 108-12 previously.

Three-month sterling deposit futures traded very quietly with dealers commenting that there is now very little incentive to do business ahead of the year-end. The market is trading very close to cash values, showing no indication that UK bank base rates are likely to change in the foreseeable future. March sterling deposits opened at 88.69, and closed at 88.70.

Dollar denominated contracts showed little reaction to the rise of 0.5 per cent in November US retail sales. The figure was towards the top end of most forecasts, but was not a surprise to the market. There was also no strong movement on news that Bankers Trust cut its broker loan rate by ½ per cent to 7 per cent. March US Treasury bonds opened firm, at 99-25, encouraged by the overnight close in Chicago. This was the day's high however, and the contract closed at 99-10, compared with the 99-12 previously, in quiet trading on Liffe and in Chicago.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
100	9.27	9.51	0.03	0.21
102	7.34	8.04	0.10	0.38
104	5.47	6.30	0.23	1.00
106	4.09	5.02	0.49	1.36
108	2.51	3.52	1.27	2.22
110	1.49	2.50	2.25	3.20
112	1.02	1.62	3.42	4.32
114	0.35	1.22	5.11	5.56

Estimated volume total, Calls 1,213 Puts 430
Previous day's open int. Calls 10,505 Puts 4,901

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
90	9.24	8.58	0.04	0.34
92	7.31	7.17	0.11	0.57
94	5.46	5.50	0.26	1.26
96	4.10	4.30	0.54	2.06
98	2.53	3.24	1.33	3.00
100	1.52	2.30	2.32	4.06
102	1.05	1.48	3.49	5.24
104	0.39	1.13	5.18	6.53

Estimated volume total, Calls 25 Puts 75
Previous day's open int. Calls 813 Puts 372

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Dec.	Calls—Last Jan.	Puts—Last Dec.	Puts—Last Jan.
15500	9.40	—	0.00	—
15750	6.92	9.93	0.02	0.23
16000	4.54	7.71	0.14	0.51
16250	2.49	5.72	0.59	1.02
16500	1.06	4.01	1.66	1.81
16750	0.33	2.64	3.43	2.94
17000	0.07	1.63	5.67	4.43
17250	0.01	0.94	8.11	6.24

Estimated volume total, Calls 41, Puts 9
Previous day's open int. Calls 608, Puts 388

LIFFE £/$ OPTIONS / LONDON SE £/$ OPTIONS / PHILADELPHIA SE £/$ OPTIONS / LIFFE—EURODOLLAR OPTIONS

[illegible]

LONDON

20-YEAR 12% NATIONAL GILT; 20% NOTIONAL SHORT GILT; THREE-MONTH STERLING; FT-SE 100 INDEX; THREE-MONTH EURODOLLAR; U.S. TREASURY BONDS 8%

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%; U.S. TREASURY BILLS (IMM); SWISS FRANC (IMM); JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); THREE-MONTH EURODOLLAR (IMM); STANDARD & POORS 500 INDEX

[illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE) — Spot 1.4235

IMM—STERLING; LIFFE—STERLING

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	Feb. 87 Vol.	Feb. 87 Last	May 87 Vol.	May 87 Last	Aug. 87 Vol.	Aug. 87 Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 27,538

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKETS

London stays quiet and steady

THE APPROACHING year-end and the Christmas holiday period has brought trading on the London money market to a very low level. The increased popularity of the Conservative Party in the most recent public opinion polls has helped to keep sterling steady and London's financial markets calm. Ministers from the Organisation of Petroleum Exporting Countries began their meeting in Geneva yesterday. The conference is expected to be over fairly quickly, perhaps on Sunday or Monday, but the problem as always will be that Opec is seeking to raise world oil prices without production cuts. Mr Hisham Nazer, acting oil minister of Saudi Arabia, said he hoped the target of $18 a barrel would be reched very soon.

Dealers in London's financial markets remained sceptical about Opec's chance of success, but could see no reason to be pessimistic about the immediate situation on rates, while sterling remains steady and markets are quiet.

Three-month interbank was unchanged at 11½-11⅜ per cent, and the yield curve was virtually flat, with 12-month money at 11 5/16-11 3/16 per cent.

The Bank of England forecast a money market shortage of £400m initially, but revised this to £450m at noon, and provided total help on the day of £415m.

Before lunch the authorities bought £321m bills outright by way of £35m bank bills in band 3 at 10¾ per cent, and £286m bank bills in band 4 at 10 11/16 per cent.

In the afternoon the Bank of England purchased another £54m bank bills in band 4 at 10 11/16 per cent.

Late assistance of £40m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £447m, with a rise in the note circulation absorbing £70m. These outweighed Exchequer transactions adding £105m to liquidity and bank balance above target of £20m.

An indication of an easing of US interest rates came tooo late to influence trading in London, when Bankers Trust in New York announced a cut of ¼ per cent to 7 per cent in its broker loan rate.

UK clearing bank base lending rate 11 per cent since October 15

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec. 11) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 3/16	Offer 6 5/16	bid [illegible]	Offer [illegible]

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	7½
Broker loan rate	7¼
Fed. funds	5⅞
Fed. funds at intervention	6

Treasury Bills and Bonds: One month; Two month; Three month; Six month; One year; Two year; Three year; Four year; Five year; Seven year; 10 year; 30 year — [illegible]

Dec. 11	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.65-4.80	4.80-5.00	4.75-4.90	[illegible]	[illegible]	[illegible]
Paris	8½-8⅝	—	—	[illegible]	[illegible]	[illegible]
Zurich	¾-1⅛	4 3/16-4 5/16	—	[illegible]	[illegible]	[illegible]
Amsterdam	5⅞-6	6⅛-6¼	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	4.28125	4.46875	[illegible]	[illegible]	[illegible]	[illegible]
Milan	11¼-11½	11⅛-11⅜	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	6.80	7 5/16-7 7/16	—	[illegible]	[illegible]	[illegible]
Dublin	13⅛-13¼	13¼-13⅜	13¼-13⅜	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Dec. 11	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11-6	11 1/16-10⅞	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	—	—	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deposits	11-10⅞	11 1/16-11	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	—	—	11½	[illegible]	[illegible]	[illegible]
Discount Market Deposits	10½-8	10⅝	10⅞	[illegible]	[illegible]	[illegible]
Company Deposits	11-10½	11⅛-11	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	—	—	11⅛	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	—	—	10 11/16	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	—	—	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	—	—	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	—	—	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	—	—	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	—	—	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 10 11/16 per cent; three-months [illegible]; one-month 10¼-10 11/16 per cent; three months 10 11/16 per cent [illegible] discount 10.6662 p.c. ECGD Fixed Finance Scheme IV reference [illegible] 11.248 per cent. Local Authority and Finance Houses seven days' notice [illegible] Finance Houses Base Rate 11½ per cent from December 1 [illegible] seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit [illegible] and over held under one month 10¾ per cent; one-three months [illegible] per cent; six-nine months 11¼ per cent; nine-12 months 11 [illegible] cent from December 8. Deposits held under Series 5 10¼ per cent [illegible] per cent.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, December 10, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America Global Trading, London, New York, Tokyo, San Francisco, Los Angeles, Toronto. 24-hours a day trading capability. Enquiries: 01-634 4360/5. Dealing 01-236 9861.

ECU=$US1.03146 SDR1=$US1.19965 As of December 10, at 11.00 a.m.

Eurodollar Libor: 3 months 6 3/16; 6 months 6⅛
Sibor: 6 3/16; 6⅛

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. *U.S. dollars per National Currency unit. (a) Freemarket central bank. (c) Official rate. (b) Floating rate. (f) Commercial rate. (e) Freemarket. (o) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non essential imports. (i) Floating tourist rate. (j) Public transaction rate. (k) Agricultural products. (l) Priority rate. (m) Essential imports. (n) Exports. (1) Venezuela: For debts incurred prior to February 1983. [illegible] For further information please contact your local branch of the Bank of America.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

هكذا من الأصل

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]								

INSURANCES

1986 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]								

LEISURE

1986 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]								

LEISURE—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]								

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]								

Commercial Vehicles

[illegible]								

Components

[illegible]								

Garages and Distributors

[illegible]								

NEWSPAPERS, PUBLISHERS

[illegible]								

PAPER, PRINTING, ADVERTISING

[illegible]								

PROPERTY

[illegible]								

PROPERTY—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]								

SHIPPING

[illegible]								

SHOES AND LEATHER

[illegible]								

SOUTH AFRICANS

[illegible]								

TEXTILES

[illegible]								

TOBACCOS

[illegible]								

TRUSTS, FINANCE, LAND

Investment Trusts

1986 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
[illegible]							

INVESTMENT TRUSTS—Cont.

1986 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
[illegible]							

Finance, Land, etc

1986 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]								

FINANCE, LAND—Cont.

1986 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]								

OIL AND GAS

[illegible]								

OVERSEAS TRADERS

[illegible]								

PLANTATIONS

Rubbers, Palm Oil

1986 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
[illegible]							

Teas

[illegible]							

MINES

Central Rand

[illegible]							

Eastern Rand

[illegible]							

Far West Rand

[illegible]							

MINES—Continued

O.F.S.

1986 High	Low	Stock	Price	+ or –	Div Net	Cvr	Gr's
[illegible]							

For Welkom Gold Hldgs see Miscellaneous

Diamond and Platinum

[illegible]							

Central African

[illegible]							

Finance

[illegible]							

Australians

[illegible]							

Tins

[illegible]							

Miscellaneous

1986 High	Low	Stock	Price	+ or –	Div Net	Cvr	Gr's
[illegible]							
300	115	Cons. Murch. 10c	22	......	Q60c	4.4	9.3
44	24	¢Ennex Int. Ir10p	39	–1	—	—	—
162	70	Greenwich Res	162	+2	—	—	—
157	93	Hampton Areas 10p	146	......	41.0	—	1.0
327	165	♥Highwood Res	224	–3	—	—	—
£20¾	£13¾	Homestake Mining $1	£18	–⅛	Q20c	—	0.8
310	156	♥McFinley Red Lake	186	–5	—	—	—
285	144	♥Musto Explorations	170	–8	—	—	—
51	28	♥New Sabina Res C$1	40	......	—	—	—
353	200	Northgate C$1	311	+5	—	—	—
790	513	RTZ	665	+3	22.0	2.4	4.6
£164	£115	Do. 9½pcLn'95-2000	£138¼	–½	Q9½%	15.5	f7.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ✤ Not comparable.
- ✦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1993. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv 20p	60	......	Fin. 13% 97/02	£99¼	......
Craig & Rose £1	£15	......	Arnotts	350	–10
Finlay Pkg. 5p	46	......	CPI Hldgs	48	......
Holt (Jos) 25p	810	......	Carroll Inds.	141	......
IoM Stm. £1	78	......	Dublin Gas	10	......
			Hall (R. & H.)	98	+3
IRISH			Heiton Hldgs.	30	......
Fund 11¼% 1988	£97⅞	......	Irish Ropes	140	......
Nat. 9¾% 84/89	£91⅞	......	Unidare	260	......

"Recent Issues" and "Rights" Page 38
(International Edition Page 38)

LONDON STOCK EXCHANGE

OPEC optimism inspires late surge in Gilt-edged but equities make little response

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov 24	Dec 4	Dec 5	Dec 15
Dec 8	Dec 18	Dec 19	Jan 5
Dec 22	Jan 8	Jan 9	Jan 19

* New time dealings may take place from 9.00 am two business days earlier.

A somewhat indecisive trading session in the UK securities market ended on a brighter note encouraged by rumours that the OPEC ministers, meeting in Geneva, were moving towards agreement on cuts in oil production. Government bond prices, which had been shedding early gains, turned sharply upwards in the final half hour of trading. Oil shares closed firmly, although the rest of the equity sector made little response.

[illegible]

Stores provided an early highlight in LCP which advanced 11½ to 198½p following the revised and quickly rejected share-exchange offer from Ward White, finally 5 cheaper at 289p. Major high-street Retailers, already a few pence easier for choice, gave further ground in late trading, although Great Universal A were unchanged at £10¼ following the interim statement. [illegible]

profit-taking brought Wednesday's high-flier Downiebrae down 5 to 62p, while selling of a similar nature lowered Hall Engineering 11 to 235p. On the plus side, Molin moved up 8 to 205p on a contract worth in excess of £10m from Philip Morris for high-speed cigarette making and handling systems. Ransome Sims rose 10 more to 186p and Laird advanced 7½ to 230p [illegible]

months of the current year. Reed International revived with a gain of 8 at 308p and Reckitt and Colman put on 10 at 808p. Beecham, however, which announced the sale of parts of its home improvement business to Henkel of West Germany for £42m on Wednesday, relinquished 5 at 420p. A Press suggestion that BTR's unwelcome bid could be referred to the Monopolies Commission [illegible]

Mercury Int down again

Mercury International, still reflecting fading takeover hopes in the wake of Mr Saul Steinberg's surprise decision to sell his 15 per [illegible]

... to 305p following details of higher annual profits. BB & EA advanced 15 to 220p on news of increased half-year earnings.

In the Chemical sector, Croda International firmed 5 to 174p following reports of speculative buying.

... RHP, drew sellers and the price reacted 8 to 167p. Westland's better-than-expected results left the shares 2 easier at 86p, after 90p, while Wagon Industrial dropped to 254p immediately after a confident interim statement before settling a net 7 off at 265p. A bout of [illegible]

FINANCIAL TIMES STOCK INDICES

	Dec. 11	Dec. 10	Dec. 9	Dec. 8	Dec. 5	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	81.60	81.64	81.53	81.34	81.64	83.18	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.61	88.64	88.55	88.45	88.49	88.84	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,284.7	1,285.5	1,284.4	1,275.5	1,268.5	1,104.8	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	316.9	312.6	320.0	324.4	326.3	264.2	357.8 (22/9)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.46	4.46	4.46	4.46	4.49	4.51				
Earnings Yld.%(full)	10.56	10.49	10.50	10.46	10.49	11.17				
P/E Ratio (net) (*)	11.62	11.71	11.70	11.69	11.62	11.04				
SEAQ Bargains (5pm)	31,290	31,309	35,432	33,250	29,142	—				
Equity Turnover (£m)	—	1,212.01	1,451.88	1,162.22	1,346.71	478.44				
Equity Bargains	—	60,696	56,819	49,802	41,749	18,973				
Shares Traded (ml)	—	673.2	757.1	666.6	504.8	233.4				

S.E. ACTIVITY

Indices	Dec. 10	Dec. 9
Gilt Edged Bargains	102.3	104.8
Equity Bargains	393.3	368.2
Equity Value	2449.8	2934.6
5-Day Average		
Gilt Edged Bargains	113.8	120.4
Equity Bargains	320.8	289.8
Equity Value	2621.0	2520.3

♥ Opening 1290.4 | 10 a.m. 1292.5 | 11 a.m. 1290.1 | Noon 1289.0 | 1 p.m. 1289.4 | 2 p.m. 1289.2 | 3 p.m. 1289.9 | 4 p.m. 1289.9

Day's High 1292.6. Day's Low 1284.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.19.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

the demand and the price rose quickly to settle 5 up at 96p. Spice, also 5 dearer at 101p, were another feature in the Motor Components sector where FR gave back part of Wednesday's sharp rise to end 5 down at 319p.

A report that Robert Maxwell was near to purchasing a major US publishing house generated a fair amount of enthusiasm for BPCC. Several million shares changed hands during the session, which a leading marketmaker described as "another road show," and brought a close of 10 higher at 248p. Saatchi and Saatchi retained their prominence among Agencies, gaining 9 to 739p, but Yellowhammer eased 2 to 141p despite the chairman's forecast of the company continuing to trade at record levels.

Great Portland Estates eased back in the wake of Wednesday's late speculative flurry to close 4 cheaper on balance at 206p. Elsewhere in the Property sector, City Site shed 5 to 170p following lower annual profits, but Phoenix Properties, boosted by Press comment, firmed 4 to 92p. Tops Estates advanced 20 to 310p in a restricted market.

Persistent support of Dawson International accompanied talk that stockbroking analysts were visiting the group which recently reported better-than-expected figures. After an above-average business, the Dawson share price closed 10 up at 236p. J. Beales also stood out in Textiles, rising 6 to 179p.

Specialist investors began seeking out Investment Trust warrants and, in a difficult market, Murray Venture spurted 12 to 143p. Edinburgh Investment warrants gained 4 to 68p and Throgmorton Trust warrants were similarly better at 136p. Among Financials, Kellock responded to the success of the recent rights issue, gaining 6 to 41p.

Oils higher

The oils majors traded firmly on hopes that the latest OPEC meeting could lead to higher crude prices. Britoil were the sector's most active counter and closed 7 higher at 156p as 7.6m shares were traded. British Petroleum were finally 5 higher at 680p and Shell 5 dearer at 949p. LASMO firmed 4½ to 149½p, and Enterprise 5 to 151½p. Reflecting the proposed company break-up and vague talk that another bidder may emerge following the lapsing of the Gulf Resources offer, IC Gas gained 26 to 554p. Triton Europe rallied 8 to 133p, after 136p.

Polly Peck's latest acquisition—the group has bought two well-known domestic appliances businesses from TI for around £12m—tempted buyers and the shares rose to 183p before ending only 2 firmer at 180p.

Gold Fields volatile

Consolidated Gold Fields remained a volatile market: up to 674p in the early business reflecting revived enthusiasm amid persistent chatter of a break-up bid attempt in the near future, the shares subsequently drifted throughout the session to close 11 lower on balance at 660p following confirmation that Mr Paul Channon, the Secretary of State for Trade and Industry has appointed inspectors to investigate the company's share register. Gold Fields requested this action last Friday following the disclosure that American Barrick Resources, the Canadian mining group, holds a 4.9 per cent stake; Gold Fields also expressed disquiet over the ultimate ownership of another sizeable holding believed to represent some 6 per cent of the equity. The South African associate GFSA dipped 25 to 962p.

Business in South African Golds was reduced to a near-standstill. Consideration of the recent reduction in South African interest rates and a slightly easier showing by the Financial Rand prompted occasional interest from Johannesburg and this proved to be sufficient to lift the FT Gold Mines index 4.3 to 316.9—the first improvement in five trading sessions.

Australian mines made useful progress across the board as London mirrored the firm showing by overnight Sydney and Melbourne markets. Sentiment was helped by the Australian government's decision to abolish double taxation on dividends coupled with the improved balance of payments deficit for November.

Traded Options

Dealers continued to report substantial demand for Traded Options from both professional operators and private clients. Although volume was reduced from levels attained earlier in the week, total contracts transacted still amounted to 42,187. Sizeable hedging was again noted in British Gas which attracted 14,551 calls and 4,273 puts. Attenton elsewhere centred on new takeover favourite Grand Metropolitan which recorded 3,513 calls, 1,708 of which were struck in the January 460 series. A useful and evenly-balanced business developed in British Telecom following the first-half figures; BT contributed 1,694 calls and 1,560 puts.

Traditional Options

- First dealings Dec 1 Dec 15 Jan 5
- Last dealings Dec 12 Jan 2 Jan 16
- Last declaration Mar 5 Mar 19 Apr 2
- For Settlement Mar 16 Mar 30 Apr 13

For rate indications see end of Unit Trust Service

Call options were taken out in Helical Bar, Sound Diffusion, Greenwich Resources, Bristol Oil and Minerals, Micro Business Systems, Apricot Computers, Meyer International, Marley, Mercantile House, Grand Metropolitan, Audiotronic, Glass Glover, Mercury Securities, Tricentrol, Afro-West, London Securities, Johnson and Firth Brown, British Gas, Weld, Elswick, Amstrad, "The Times" Veneer, Reabrook and William Boulton. Puts were struck in British Gas and Sound Diffusion, while doubles were reported in Amstrad, Greenwich Resources and Conroy.

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (142) [illegible] (1), MINES (9).

NEW LOWS (11)

CHEMICALS (1) Morceau, ELECTRICALS (1) Murray Tech Invs, FOODS (2) Batleys, Northern Foods, INDUSTRIALS (3) CVD Inc, Pacific Sales, Wilkes (J), LEISURE (1) Television Services, PAPERS (1) Norton Opax, SHIPPING (1) Sea Containers, OILS (1) British Petroleum 8pcPrf.

London Traded Options were not available for this edition.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	951	149	−1	Land Securities	277	342	−3
Allied Lyons	1,900	306	−1	Legal & Gen.	3,000	247½	+0½
BAT	2,700	459	−5	Lloyds Bnk	804	447	—
BOC	441	350	+1	Lonrho	141	228½	—
BTR	2,400	275	+1	Marks & Spncr	3,800	180½	−2½
Barclays	2,600	487	−6	Midland Bank	1,200	562	−1
Bass	73	732	+5	NatWest Bank	828	512	+4
Beecham	1,100	420	−5	Pearson	615	570	+4
Blue Circle	381	649	+2	P & O	445	507	+5
Boots	1,800	230	−2	Pilkington Bros	3,000	623	−5
Brit. Aero	758	489	+1	Plessey	4,300	175	−3
Brit. Gas	166,000	62½	+1½	Prudential	121	828	—
Britoil	7,600	156	+7	Racal	1,600	179	—
BP	3,900	680	+5	Rank Org	952	527	+3
Brit. Telecom	14,000	198½	−5⅝	Reckitt & Col	182	807	+9
Burton	463	260	−2	Reuters	819	579	+2
Cable & Wire	1,300	319	−4	RTZ	346	665	+3
Cadbury Schwps	3,300	183½	−0½	Rowntree Mac	1,400	402	−8
Coats Viyella	233	466	+2	Royal Insurance	1,800	852	−8
Comm. Union	2,500	273	+2	STC	631	169½	−1½
Cons. Gold	427	660	−11	Sainsbury	210	414	−1
Courtaulds	1,200	311	−1	Sears	949	122½	−1
Dee Corp	5,300	201	−11	Sedgwick	1,400	324	—
Dixons Grp	1,500	320	−4	Shell Trans	3,600	949	+5
Fisons	1,600	518	−1	Smith & Nephew	1,400	116	+0½
Gen. Accident	811	819	−9	Standard Chart	1,300	812	+7
Gen. Elect	4,200	171	−1	Storehouse	1,700	275	−5
Glaxo	3,900	965	+17	Sun Alliance	672	654	−6
Grand Met	8,300	471	+13	TSB	4,300	75¼	−0¼
Gus "A"	432	£10¼	—	Tesco	115	397	−2
Guardian R.E.	106	779	−5	Thorn EMI	1,800	482	−2
GKN	1,500	274	+2	Trafalgar House	2,600	262	+2
Guinness	8,000	296	+8	T'house Forte	3,400	176½	−4½
Hanson Trust	7,700	188½	−3	Unilever	321	£22	+0⅛
Hawker Sidd	221	439	−3	United Biscuits	2,000	237	+1
ICI	1,700	£11⅛	—	Wellcome	1,700	214	−1
Jaguar	802	528	−1	Woolworth	122	650	—
Ladbroke	323	359	+2				

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	25	14	74
Corporations, Dominion and Foreign Bonds	12	0	57
Industrials	489	405	640
Financial and Properties	179	124	280
Oils	36	12	64
Plantations	1	2	11
Mines	62	24	99
Others	79	41	82
Totals	883	622	1,307

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Thu Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Wed Dec 10 Index No.	Tues Dec 9 Index No.	Mon Dec 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	681.08	—	9.16	3.83	13.83	17.01	681.00	679.30	673.70	565.19
2	Building Materials (27)	851.48	+0.4	8.91	3.61	14.13	18.98	848.23	847.78	846.37	622.69
3	Contracting, Construction (29)	1159.03	+0.3	8.13	4.00	16.91	32.81	1155.91	1145.41	1144.64	915.84
4	Electricals (12)	1742.43	+0.2	8.65	4.84	14.83	56.02	1738.19	1748.69	1727.74	1520.64
5	Electronics (38)	1464.97	−0.3	9.85	2.81	13.46	30.56	1469.75	1460.19	1431.64	1418.20
6	Mechanical Engineering (61)	384.20	−0.1	10.25	4.33	12.41	11.18	384.66	383.70	382.13	319.79
8	Metals and Metal Forming (7)	350.35	−0.1	10.11	4.22	12.23	10.25	350.85	349.10	348.87	237.81
9	Motors (15)	268.08	−0.2	10.35	3.92	11.15	6.73	268.62	268.02	267.20	197.83
10	Other Industrial Materials (21)	1188.38	+0.1	7.40	4.63	16.02	30.57	1186.92	1190.33	1177.70	989.89
21	CONSUMER GROUP (186)	932.94	—	8.28	3.41	15.16	21.04	933.09	934.67	930.71	752.64
22	Brewers and Distillers (22)	940.83	+1.4	9.62	3.61	12.77	17.52	927.99	921.69	922.41	755.22
25	Food Manufacturing (24)	738.02	−0.2	9.21	3.82	14.21	19.22	739.16	741.41	738.42	559.06
26	Food Retailing (16)	1832.41	−1.0	6.96	2.91	19.92	35.41	1850.51	1853.36	1850.96	1727.18
27	Health and Household Products (10)	1536.94	+0.6	6.18	2.47	18.76	26.19	1527.92	1527.63	1505.27	1195.31
29	Leisure (29)	968.19	−0.3	7.77	4.19	16.83	26.00	971.53	971.52	979.30	760.74
32	Publishing & Printing (14)	2725.73	+1.3	7.15	4.18	18.04	77.81	2689.45	2694.90	2668.13	1849.65
33	Packaging and Paper (14)	489.13	−0.4	7.11	3.41	18.21	11.74	490.91	491.47	489.61	366.43
34	Stores (38)	822.77	−0.8	7.73	3.25	17.57	17.41	829.05	836.98	837.11	756.13
35	Textiles (17)	544.28	+0.4	9.81	3.76	11.73	14.49	542.05	537.30	531.76	376.88
36	Tobaccos (2)	1285.42	−1.0	12.90	4.02	8.51	36.99	1298.22	1303.51	1287.24	863.52
41	OTHER GROUPS (86)	801.54	−0.4	8.76	4.07	14.61	17.75	804.53	804.63	797.53	710.61
42	Chemicals (20)	1021.99	+0.2	8.69	4.29	14.01	29.59	1019.64	1022.93	1018.73	729.18
44	Office Equipment (4)	257.79	+0.5	7.21	4.13	16.77	7.55	256.60	256.89	254.60	217.40
45	Shipping and Transport (12)	1540.90	+0.4	7.78	4.52	16.40	46.25	1534.55	1533.50	1534.27	1338.68
47	Telephone Networks (2)	793.59	−1.2	10.95	4.66	12.43	16.67	803.58	800.97	788.35	890.34
48	Miscellaneous (48)	1110.96	−0.2	7.01	3.21	17.58	17.30	1113.31	1114.79	1106.24	872.23
49	INDUSTRIAL GROUP (482)	842.45	−0.1	8.61	3.67	14.68	19.42	843.25	843.48	838.15	700.20
51	Oil & Gas (18)	1432.73	+1.0	11.88	6.32	10.65	62.91	1418.94	1429.55	1434.56	1089.80
59	500 SHARE INDEX (500)	892.28	—	9.08	4.05	13.93	22.85	891.78	892.93	888.53	733.90
61	FINANCIAL GROUP (118)	609.63	−0.2	—	4.68	—	18.95	610.74	609.62	602.13	507.71
62	Banks (8)	667.07	—	18.87	5.51	7.27	24.78	666.86	661.31	647.18	506.09
65	Insurance (Life) (9)	864.67	—	—	4.50	—	27.29	864.48	865.98	858.76	779.36
66	Insurance (Composite) (7)	460.77	−0.6	—	4.71	—	15.57	463.72	462.59	453.05	390.50
67	Insurance (Brokers) (9)	1165.10	−0.6	8.04	4.52	16.20	36.30	1171.78	1177.62	1174.89	1163.45
68	Merchant Banks (11)	336.97	−0.5	—	4.29	—	7.35	338.53	343.11	343.55	283.94
69	Property (50)	809.82	−0.2	5.74	3.57	22.60	19.48	811.77	812.16	809.95	667.14
70	Other Financial (24)	365.69	+0.1	8.81	4.34	13.87	9.81	365.27	364.32	362.56	300.77
71	Investment Trusts (98)	862.16	+0.3	—	2.65	—	16.23	859.94	859.96	858.61	635.90
81	Mining Finance (2)	328.84	−0.4	9.52	4.88	12.35	11.30	330.05	327.68	326.06	243.77
91	Overseas Traders (13)	748.50	+0.3	10.73	5.98	11.25	29.74	746.14	745.46	746.85	591.69
99	ALL-SHARE INDEX (731)	816.56	—	—	4.11	—	21.52	816.36	816.87	812.06	668.65

	Index No.	Day's Change	Day's High	Day's Low	Dec 10	Dec 9	Dec 8	Dec 5	Dec 4	Year ago
FT-SE 100 SHARE INDEX ♦	1634.0	−0.6	1641.0	1633.0	1634.6	1635.9	1629.4	1613.5	1610.1	1378.5

FIXED INTEREST

[illegible]

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA

Dec. 11	Price Sch.	+ or —
Creditanst'lt pp	3,170	-30
Goesser	3,370	
Interunfall	13,800	
Jungbunzlauer	11,450	-100
Laenderbank	2,140	+15
Perlmooser	625	-5
Steyr Daimler	155	+4
Veitscher Mag	11,144	

BELGIUM/LUXEMBOURG

Dec. 11	Price Frs.	+ or —
B.B.L.	5,110	-20
Banq. Gen. Lux	15,800	
Banq. Int. A. Lux	15,050	+50
Bekaert	10,975	
Ciment CBR	4,100	
Cockerill	132	+2
Delhaize	2,800	-50
EBES	4,990	-120
Electrobel	14,925	
Fabrique Nat	1,965	+15
GB Inno BM	8,610	-40
GBL (Brux)	5,550	
Generale Bank	6,090	
Gevaert	6,170	+130
Hoboken	7,870	-30
Intercom	3,870	-115
Kredietbank	4,270	-15
Pan Hldgs	10,950	
Petrofina	9,790	-90
Royale Belge	29,470	-5
Soc. Gen. Belge	3,470	-30
Sofina	12,200	-50
Solvay	6,950	-50
Stanwick Intl	165	
Tractionel	6,380	-60
UCB	9,460	-20
Wagons Lits	6,520	-90

DENMARK

Dec. 11	Price Kr.%	+ or —
Baltica Skand	740	+10
Cop Handelsb'nk	262	-4
D. Sukkerfab	345	-1
Danske Bank	316	-3
East Asiatic	187	
Forenede Brygg	906	-30
GNT Hld	299	-4
I.S.S.S.	710	
Jyske Bank	490	-5
Novo Inds	335	
Privatbanken	352	-2
Sophus Berend	726	
Superfos	125	

FINLAND

Dec. 11	Price Mks	+ or —
Amer	192	+2
KOP	46.3	+0.3
Kone	194	-1
Finnish Sugar	96	-1
Nokia	138	+0.5
Pohjola "B"	81.7	-0.1
Rauma Repola	81	
Stockmann "B"	143	-2.5
UBF "C"	29.5	+0.5
Wartsila (811)	155.5	-1.5

NETHERLAND

Dec. 11	Price Fls	+ or —
ACF Holding	63.4	+0.2
AEGON	69.5	+0.9
Ahold	118	+2
AKZO	161.5	+0.1
ABN	546.5	+2
AMEV	74.5	+1.1
AMRO	94.1	+0.2
Bredero Cert	75	+8
Bos Kalis Westm	9.4	
Buehrmann Tet.	240.5	+2.5
Calland Holdings	19.6	
Dordtsche Pet'm	197.5	+1.2
Elsevier-NDU	261	+5
Fokker	57.5	+1
Gist Brocades	53	+0.9
Heineken	182.7	+1.2
Hoogovens	47.4	+1.4
Huntr Doug NN	63.3	-0.1
Int. Mueller	71.7	+3.7
KLM	45.5	+0.1
KNP	167	+2.5
Naarden	90	
Nat Ned Cert	84	+1.4
Ned Mid Bank	205.5	+0.3
Nedlloyd	178.5	+0.5
Oce Grinten	479	-1
Ommeren (Van)	34.2	+0.2
Pakhoed	69.5	-1
Philips	47	+0.2
Robeco	96.7	-0.1
Rodamco	158	
Rolinco	85	-0.1
Rorento	60	-0.1
Royal Dutch	210.9	+2.4
Unilever	524	+5
VMF Stork	28.4	+1.2
VNU	249.5	+1½
Wessanen	2.2	+0.7
West Utr Bank	60	

GERMANY

Dec. 11	Price Dm.	+ or —
AEG	338.1	-2.4
Allianz Vers	2,260	+10
BASF	277.2	-0.9
Bayer	317	
Bayer-Hypo	372	-3
Bayer-Verein	536	+2
BHF-Bank	546	+2
BMW	597.5	+0.5
Brown Boveri	298.5	+2
Commerzbank	311	-1.5
Cont'l Gummi	356.7	+0.7
Daimler-Benz	1,257xr	+6
Degussa	469	+14
D'sche Babcock	204	-7
Deutsche Bank	827	-2
Dresdner Bank	408	-3.6
Feld Muehle Nbl	394	-3
Henkel	491.5	+3.5
Hochtief	920	-25
Hoechst	259.5	
Hoesch werke	123.5	-0.2
Holzmann (P)	610	+5
Horten	240	-10
Hussel	645	-9
Karstadt	477	-15
Kaufhof	529	-6
KHD	185	-3
Kloeckner	67.5	-1
Linde	745	-12
Lufthansa	183	
MAN	208	-11
Mannesmann	179.2	-3.8
Mercedes Hld	1,095	+2
Metallgesell	309	+1
Muench Rueck	2,575	+60
Nixdorf	735	-1.8
Porsche	1,080	-4
Preussag	175	+1
Rhein West Elect	234.5	-0.3
Rosenthal	581	-3
Schering	683.9	+3.9
Siemens	752	-1.9
Thyssen	149	-1
Varta	390.5	
Veba	294	
V.E.W.	158.5	-1.5
Verein-West	476	
Volkswagen	429	+5.8

ITALY

Dec. 11	Price Lira	+ or —
Banco Com'le	21,850	-150
Bastogi-IRBS	356	-9
Centrale	3,570	
C.I.R.	8,900	+10
Credito Italiano	2,990	+5
Fiat	12,970	+40
Generali Assicur	123,795	+100
Italcementi	69,900	
La Rinascente	955	+1
Montedison	3,870	+50
Olivetti	12,500	-200
Pirelli Co	6,605	
Pirelli Spa	4,700	+20
Saipem	4,600	+65
Snia BPD	4,385	+45
Toro Assic	29,010	-390

FRANCE

Dec. 11	Price Frs.	+ or —
Emprunt 4½% 1973	1,665	-5
Emprunt 7% 1973	8,550	+15
Accor	510	
Air Liquide	727	+1
BIC	740	
Bongrain	2,695	+25
Bouygues	1,300	+24
BSN Gervais	4,745	+55
CIT Alcatel	2,305	+50
Carrefour	3,705	-32
Club Mediter'n	725	+9
Cie Bancaire	1,195	+17
Cofimeg	402.5	-5
Damart	2,362	+32
Darty	494	-4
Dumez S.A.	2,052	+73
Eaux (Cie Gen)	1,595	+15
Elf Aquitaine	318	+1
Essilor	3,900	+90
Gen.Occidentale	1,091	-1
Imetal	82.5	+0.5
Lafarge Coppee	1,445	+5
L'Oreal	3,910	-120
Legrand	5,290	+80
Maisons Phoenix	212	+3.5
Matra S.A.	2,501	+1
Michelin B	2,631	-1
Midi (Cie)	1,708	+24
Moet.Hennessy	2,668	+63
Moulinex	78.7	+1.4
Nord Est	192.1	+4.1
Pernod Ricard	1,139	+24
Perrier	850	+6
Petroles Fra	417.1	-6.9
Peugeot S.A.	1,205	-5
Printemps (Au)	615	-5
Radio tech	1,070	+10
Redoute	2,540	+79
Roussel-Uclaf	1,495	-1
Sefimeg	495	
Skis Rossignol	1,291	+16
Telemec Elect	3,357	+7
Thomson (CSF)	1,690	+10
Valeo	520	+13

NORWAY

Dec. 11	Price Kroner	+ or —
Bergens Bank	182	+3.5
Borgesen B	245.5	-2
Christiania Bank	195	+5
Den Norske Cred	175	+4.5
Elkem	93	+0.5
Kosmos	145	+6.5
Kvaerner	197	+4.5
Norcem	121	
Norsk Data	198	
Norsk Hydro	142.5	+1
Orkla Borregaard	392	
Storebrand	263.5	+7.5

SPAIN

Dec. 11	Price Pta %	+ or —
Bco Bilbao	1,274	-10
Bco Central	875	-5
Bco Exterior	370	-8
Bco Hispano	465	-4
Bco Popular	1,430	-70
Bco Santander	906	
Bco Vizcaya	1,595	-25
Banesto	685	+5
Dragados	401	-14
Hidrola	107.5	-2
Iberduero	154.7	-5
Petroleos	357.5	-5.5
Telefonica	163xr	-4

SWEDEN

Dec. 9	Price Kronor	+ or —
AGA	187	
Alfa-Laval B	288	
ASEA (Free)	344	
Astra (Free)	538	
Atlas Copco	166	
BeijerA.B.	160	
Cardo (Free)	200	
Cellulosa	274	
Electrolux B	319	
EricssonB	221	
Esselte	147	
Mo och Domsjo	275	
Pharmacia	205	
Saab Scania Free	720	
Sandvik	163	
Skandia	127	
Skan Enskilda	117	
SKF	360	
StoraKopparberg	295	
Sven. Handelsbk	418	
Swedish Match	465	
Volvo B (Free)	343	

SWITZERLAND

Dec. 11	Price Frs.	+ or —
Adia Intl	8,925	+25
Alusuisse	485	-10
Bank Leu	4,025	-100
Brown Boveri	1,815	+5
Ciba Geigy	3,640	+30
do. (Part Certs)	2,600	
Credit Suisse	3,500	-10
Elektrowatt	3,600	-40
Fischer (Geo)	1,810	
Hoff.Roche PtCts	12,225	
Hoff-Roche 1/10	12,300	+75
Jacobs Suchard	8,975	
Jelmoli	4,250	-10
Landis & Gyr	1,980	+10
Nestle	9,670	-5
Oer-Buehrle	1,450	-30
Pirel II	463	
Sandoz (Br)	10,900	+400
Sandoz (Pt Cts)	1,750	+10
Schindler (Pt Cts)	680	+30
Sika	1,675	+25
Surveillance A	8,625	-75
Swissair	1,350	-10
Swiss Bank	570	+1
Swiss Reinsce	19,000	
Swiss Volksbk	2,715	-10
Union Bank	5,990	+5
Winterthur Inh	7,425	-50
Zurich Ins	8,600	

AUSTRALIA

Dec. 11	Price Aust. $	+ or —
ACI Intl	4.05	
Adelaide Steams	14	+0.1
Amcor	3.95	-0.02
ANZ Group	5.9	+0.1
Ampol Pet	2.76	+0.02
Ariadne	3.55	+0.05
Ashton	2.53	+0.05
Aust. Guarantee	3.2	
Aust. Nat. Inds	3.05	
Bell Group	8.9	+0.2
Bell Res	4.2	+0.05
Bond Corp Hldgs	2.1	-0.1
Boral	4.5	+0.08
Bougainville	3.08	+0.15
Brambles Inds	7.54	+0.06
Bridge Oil	0.74	-0.01
B. H. Prop	8.82	-0.02
Burns Philp	9	
CRA	7.2	+0.1
CSR	3.15	+0.08
Chase Corp	5.74	+0.14
Claremont Pet	0.68	
Coles-Myer	6	+0.1
Comalco 'A'	2.35	
Consolidated Pet	0.25	
Costain Aust	2.9	
Elders IXL	4.48	+0.05
Energy Res	1.68	+0.01

AUSTRALIA (continued)

Dec. 11	Price Aust. $	+ or —
Gen. Prop. Trust	2.65	-0.01
Hardie (James)	4.2	+0.01
Hartogen Energy	2.60	
Herald W'yTimes	12.3	-0.2
ICI Aust	3.08	+0.11
Industrial Equity	7.14	+0.09
Jimberlana F.P.	0.39	+0.01
Kia Ora Gold	0.05	
Kidston Gold	7.9	
Lend Lease	10.2	+0.3
MIM	2.5	+0.06
Mayne Nickless	3.9	+0.02
Nat. Aust. Bank	5.46	+0.12
News	17.0	-0.4
Nicholas Kiwi	3.80	
Noranda (P.Ppd)	1.7	-0.02
North Broken Hill	2.65	-0.01
Oakbridge	0.65	
Pacific Dunlop	3.85	+0.05
Pancontinental	2.42	
Pioneer Conc	2.98	-0.02
Placer Pacific	2.4	-0.05
Poseidon	5.64	-0.06
Queensland Coal	1.62	-0.01
Reckitt & Colman	6.25	
Santos	3.9	+0.01
Smith Howard	4.35	+0.05
Thos. Natwide	3.76	+0.05
Tooth	6.2	+0.1
Vamgas	3.02	+0.12
Western Mining	4.96	+0.04
Westpac Bank	4.92	+0.07
Woodside Petrol	1.55	-0.02
Woolworths	3.9	
Wormald Intl	4.3	

HONG KONG

Dec. 11	Price H.K.$	+ or —
Bank East Asia	21.8	
Cathay Pacific	5.6	-0.05
Cheung Kong	37.25	+1
China Light	20.8	+0.1
Evergo	0.65	+0.01
Hang Seng Bank	50.25	+0.75
Henderson Land	4.47	
HK China Gas	19.4	+0.1
HK Electric	11.5	+0.1
HK Kowloon Wh.	9.25	
HK Land	6.45	+0.1
HK Shanghai Bk.	9.05	+0.2
HK Telephone	14.9	+0.3
Hutchinson Wpa.	45.5	+0.25
Indust.Equit.Pac	29	+0.9
Jardine Math.	21.6	+0.2
New World Dev.	9.15	
SHK Props	18.2	
Shell Elect	0.62	+0.01
Swire Pac A	19.1	+0.2
TV—B	10.2	-0.1
Winsor Inds	9.8	+0.1
World Int. Hldgs.	3.7	+0.1

JAPAN

Dec. 11	Price Yen	+ or —
Ajinomoto	2,010	+10
All Nippon Air	991	+9
Alps Electric	2,100	
Asahi Chem	654	-6
Asahi Glass	1,370	
Bank Tokyo	875	
Bridgestone	725	-10
Brother Inds	590	-1
Canon	1,080	-30
Casio Comp	1,430	+40
Chugai Pharm	1,390	
Daiei	1,320	+20
Dai-ichi Kan. Bk.	1,690	
Dai Nippon Ink	564	+4
Dai Nippon Ptg	1,940	+50
Daiwa House	1,830	-30
Daiwa Sec	1,770	
Eisai	2,150	+30
Fanuc	5,150	-50
Fuji Bank	1,700	
Fuji Film	3,470	-60
Fujisawa	1,590	+10
Fujitsu	1,120	-70
F'jrukawa Elect.	555	-15
Green Cross	2,550	-50
Heiwa Real Est.	1,660	+10
Hitachi	1,090	+30
Hitachi Credit	1,730	+10
Honda	1,310	
Indl. Bk. Japan	2,200	+10
IshikawajimaHr.	438	+23
Isuzu Motor	330	-2
Itoh (C)	800	
Ito Yokado	4,220	-10
JAL	10,000	+300
Jusco	1,410	
Kajima	1,370	+30
Kao Corp	1,710	-10
Kawasaki Steel	202	+2
Kirin	1,570	-30
Kobe Steel	162	-1
Komatsu	505	+2
Konishiroku	660	+16
Kubota	370	-5
Kumagai	1,212	-20
Kyocera	4,120	+20
Marubeni	462	
Marui	2,070	-10
Madza Mo'ors	376	+1
Meija Seika	610	-17
MIE	2,070	-10
M'bishi Bank	1,670	+10
M'bishi Chem	742	-13
M'bishi Corp	1,050	-20
M'bishi Elect	449	-13
M'bishi Estate	2,440	+30

JAPAN (continued)

Dec. 11	Price Yen	+ or —
MHI	448	-5
Mitsui Bank	1,180	+10
Mitsui Co	573	-2
Mitsui Estate	1,910	+10
Mitsui Toatsu	573	-2
Mitsukoshi	1,250	+30
NGK Insulators	915	+5
Nikko Sec	1,530	-30
Nippon Denso	1,800	+20
Nippon Elect	2,130	-10
Nippon Express	1,260	
Nippon Gakki	1,600	
Nippon Kogaku	871	+12
Nippon Kokan	264	+2
Nippon Oil	1,350	
Nippon Seiko	485	-5
Nippon Shimpan	1,160	-50
Nippon Steel	168	
Nippon Suisan	492	+15
Nippon Yusen	470	-4
Nissan Motor	550	-7
Nisshin Flour	755	
Nomura	3,030	
Olympus	1,050	
Onoda Cement	609	
Orient Finance	1,160	-20
Orient Leasing	3,950	
Pioneer	2,500	+180
Ricoh	930	-5
Sankyo	1,640	-40
Sanwa Bank	1,340	+50
Sanyo Elect	386	-11
Sapporo	1,230	-30
Sekisui House	1,550	
Seven Eleven	8,700	
Sharp	1,040	-50
Shimizu Constn	750	-5
Shionogi	1,650	+10
Shiseido	2,050	+30
Showa Denko	388	+12
Sony	3,560	-40
S'tomo Bank	2,190	+30
S'tomo Chem	414	-5
S'tomo Corp	1,050	-10
S'tomo Elect	1,770	-30
S'tomo Metal	146	
Taisei Corp	915	-5
Taisho Marine	937	-2
Taiyo Kobe Bank	721	
Takeda	2,490	
TDK	5,950	-30
Teijin	730	
Toa Nenryo	1,720	-60
Tokai Bank	1,160	
Tokio Marine	1,740	-10
Tokyo Elect Pwr.	8,380	+110
Tokyo Gas	1,240	+60
Tokyu Corp	1,240	-20
Toppan Print	1,700	+10
Toray	610	
Toshiba Elect	662	-8
Toyo Seikan	3,160	+30
Toyota Motor	2,220	
UBE Inds	288	-7
Victor	2,710	+10
Yamaha	638	-1
Yamaichi Sec	1,560	
Y'manouchiPhm	3,930	+10
Yamazaki	1,570	+20
Yasuda Fire	945	+6

SINGAPORE

Dec. 11	Price $	+ or —
Boustead Hldgs.	1.26	+0.01
Gold Storage	3.66	
DBS	8.8	
Genting	6.1	
Haw Par Bros	2.95	-0.04
Hong Leong Fin.	2.86	-0.01
Inchcape Bhd	2.78	
Keppel Corp	2.79	
Malay Banking	5.1	
Malay Utd. Ind	1.33	+0.04
Multi Purpose	0.52	+0.01
OCBC	9.15	-0.05
OUB	3.64	-0.02
Public Bank	1.25	+0.03
Sime Darby	1.77	-0.01
Singapore Air	9.25	-0.05
Singapore Press	7.9	-0.1
Straits Trading	3.66	
Tat Lee Bank	2.93	+0.01
UOB	4.42	

SOUTH AFRICA

Dec. 11	Price Rand	+ or —
Abercom	3.0	
AE & CI	14.00	
Allied Tech	86	+1
Anglo Am. Coal	32	
Anglo Am. Corp.	66.75	+0.5
Anglo Am. Gold	320	+5
Barclays Bank	19.5	
Barlow Rand	18.8	+0.55
Buffels	82	+0.5
CNA Gallo	2.75	+0.05
Currie Finance	4.6	
De Beers	34.25	+0.25
Dreifontein	67.25	+0.25
F. S. Cons	52.5	
Gold Fields S.A.	61	
Highveld Steel	5.85	
Malcor	16.75	-0.25
Nedbank	6.00	
O K Bazaars	15.0	
Rembrandt	83	+1
Rust Plat	46.75	+1
Safren	16.5	
Sage Holdings	9.6	
SA Brews	15.1	
Smith (CG)	29.5	
Tongaat Hulett	7.5	+0.2

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Prices at 2.30pm December 11

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

F—No voting rights or restricted voting rights.

MONTREAL

Closing prices December 10

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Sales 4,827,875 shares

Indices

NEW YORK—DOW JONES

	Dec 11	Dec 10	Dec 9	Dec 8	Dec 5	Dec 4	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transport	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trading vol	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				

	Dec 5	Nov 28	Nov 21	Year Ago (Approx)
Ind Div Yield %	[illegible]	[illegible]	[illegible]	[illegible]

STANDARD AND POORS

	Dec 11	Dec 10	Dec 9	Dec 8	Dec 5	Dec 4	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Composite	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Dec 3	Nov 26	Nov 19	Year Ago (Approx)
Ind div yield %	[illegible]	[illegible]	[illegible]	[illegible]
Ind. P/E Ratio	[illegible]	[illegible]	[illegible]	[illegible]
Long Gov Bond Yield	[illegible]	[illegible]	[illegible]	[illegible]

N.Y.S.E. ALL COMMON / RISES AND FALLS

[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

TORONTO

	Dec 11	Dec 10	Dec 9	Dec 8	1986 High	1986 Low
Metals & Minls	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Composite	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MONTREAL Portfolio	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Indicates pre-close figure

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Detroit Edison	3,737,300	17⅛	[illegible]	USX	[illegible]	[illegible]	[illegible]
AT & T	2,015,500	27¼	[illegible]	Eastman Kodak	1,218,400	[illegible]	[illegible]
Com Psychiatric	1,900,300	[illegible]	[illegible]	Amer Express	1,165,100	[illegible]	[illegible]
Consumer Pwr	1,563,300	[illegible]	[illegible]	General Motors	1,083,300	[illegible]	[illegible]
IBM	1,427,301	128	[illegible]	Schlumberger	1,025,400	34¼	[illegible]

	Dec. 11	Dec. 10	Dec. 9	Dec. 8	1986 High	1986 Low
AUSTRALIA All Ord. (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Metals & Mins. (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AUSTRIA Credit Aktien (2/1/62)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BELGIUM Brussels SE (1/1/84)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DENMARK Copenhagen SE (3/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FINLAND Unitas Gen. (1975)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FRANCE CAC General (31/12/82)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind Tendance (31/12/82)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GERMANY FAZ Aktien (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Commerzbank (1/12/53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HONG KONG Hang Seng Bank (31/7/64)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY Banca Comm. Ital. (1972)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JAPAN** Nikkei (16/5/49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo SE New (4/1/68)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NETHERLANDS ANP-CBS General (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ANP-CBS Indust (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NORWAY Oslo SE (4/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SINGAPORE Straits Times (30/12/66)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOUTH AFRICA JSE Gold (28/9/78)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JSE Indust (28/9/78)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SPAIN Madrid SE (30/12/85)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWEDEN Jacobson & P (31/12/56)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWITZERLAND Swiss Bank Cpn (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD M.S. Capital Intl. (1/1/70)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

** Saturday December 6: Japan Nikkei 18,604.8, TSE 1,548.91.

[illegible]

TOKYO — Most Active Stocks
Thurs Dec 11, 1986

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON
Chief price changes
(in pence unless otherwise indicated)

RISES

BPB Inds	535	+12
BB & EA	220	+15
BPCC	248	+10
Bagger Brick	470	+25
Bodycote Intl	398	+28
Britoil	156	+7
Cradley Print	92	+5
Dawson Intl	235	+10
Grand Met	471	+13
Guinness	296	+8
Imp. Cont. Gas	554	+26
Kellock Trust	41	+8
Kwik-Fit	96	+5
LCP	193½	+11½
Laird Group	230	+7½
Merrydown Wine	410	+15
Molins	205	+8
Murray Vent War	145	+13
Ransomes Sims	186	+10
Reed Intl	308	+8

FALLS

Avon Rubber	366	-20
Cons. Gold	660	-11
Dee Corp	201	-8
Downiebrae	62	-5
Flexello C. & W.	98	-7
Hall Eng	235	-11
Mercury Intl	351	-20
RHP	167	-7½
Utd. Ceramic	108	-15

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 41

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26 1/2	16 1/4	AAR s	.44	1.8	18	132	24 7/8	24	24 3/8	-1/2
30	21 3/4	ADT	.92	3.5		571	26 1/4	25 7/8	26	-1/8
33	15 3/4	AFG s	.12i	.4	14	462	29 5/8	28 7/8	29 1/8	-5/8
29	16 3/4	AGS			18	99	28 1/8	27 5/8	27 5/8	-1/4
15	7 3/8	AMCA			25	7 3/8	d	7 1/8	7 1/8	-1/4
62 7/8	39 1/4	AMR			13	3317	56 5/8	55 1/2	55 3/4	-1/2
24 3/4	20 1/8	ANR pf	2.12	8.8		1	24	24	24	-1/4
16 3/4	10	ARX	.71t	6.2	11	16	11 3/4	11 1/2	11 1/2	+1/8
41 1/2	28 3/4	ASA	2a	5.4		350	36 7/8	36 1/4	36 3/4	+1/4
18 3/8	9 3/4	AVX			27	131	12 3/8	12	12	-3/8
32	25 3/4	AZP	2.72	9.5	9	1815	28 7/8	28 5/8	28 3/4	-1/8
55	30 1/2	AbtLb s	.84	1.7	22	4578	49 1/2	48 5/8	48 3/4	-1/8
32	24 1/2	AccoWd	.56	2.1	17	590	26 5/8	26 7/8	26 5/8	-3/8
14 7/8	9	AcmeC	.40	4.0		357	10 1/4	9 3/4	10	-1/8
9 1/4	6 1/8	AcmeE	.32b	5.0	16	3	6 3/8	6 3/8	6 3/8	+1/8
23 7/8	17 1/2	AdaEx	4.45e	22.		84	20 3/4	20 1/4	20 1/4	-3/8
33 3/8	19 5/8	AdmMl	.48	1.7	13	10	27 3/4	27 1/2	27 1/2	-1/2
20 5/8	12 1/8	AdvSys	1.45t	8.4	14	65	18 1/4	17 1/4	17 1/4	-3/4
32 7/8	12 7/8	AMD				1362	15 7/8	14 5/8	14 3/4	-1/4
12 5/8	5 1/4	Adobe				243	5 3/4	5 5/8	5 5/8	-1/8
18 3/8	13 3/4	Adob pf	1.84	12.		157	16 3/8	16	16	-3/8
20 1/4	16 3/8	Adob pf	2.40	14.		222	17 3/8	17	17 1/4	-1/4
18 3/8	10 1/2	Advest	.12a	.9	10	107	13 1/4	12 7/8	12 7/8	-1/4
66 1/4	50 1/4	AetnLf	2.64	4.5	9	3968	59 3/8	58 1/2	58 3/4	-5/8
54 5/8	51 1/8	AetL pf	3.84e	7.6		100	52 1/4	51 3/4	51 3/4	
71 1/2	34 7/8	AflPb s	.44	.6	34	89	70 1/2	68 1/2	69 1/2	-5/8
28 3/4	14 1/8	Ahmns	.48	2.1	7	3404	22 3/8	21 7/8	22 3/8	-3/8
5 3/4	2 7/8	Aileen			45	27	3 1/4	3 1/8	3 1/8	
41 5/8	29 1/8	AirPrd s	.80	2.2	463	1027	37 5/8	36 7/8	37	-1/2
32	16	AirbFrt	.60	2.0	21	578	29 5/8	28 7/8	29 5/8	+1/4

Continued on Page 41

NYSE COMPOSITE CLOSING PRICES

Continued from Page 40

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
52	27½	Wrigly s	.86	1.9	21	167	51⅛	49	50¼	−¾
4⅞	1⅞	Wurlitzr				17	2¼	2⅛	2¼	+⅛
17½	11	WyleLb	.32	2.3	29	293	13⅞	13⅛	13⅝	+⅜
25¾	15	Wynns	.60	2.7		20	22	21⅝	21⅞	

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
72¼	48⅝	Xerox	3	4.9	13	3308	61⅝	60¾	61¼	⅜
58¼	54	Xerox pf	5.45	9.8		382	55⅝	55	55⅝	+⅛
28¾	20¼	XTRA	.64	2.7		1332	24	23½	23½	−½
18¾	13½	Yorkin n				128	16⅝	16⅜	16⅝	½
50	28½	ZaleCp	1.40	2.8		57	u50⅛	49⅞	50	
8⅞	2¼	Zapata	.03j			532	2¾	2½	2⅝	
43⅞	20¾	Zayre s	.32	1.3	18	2032	25¾	25¼	25½	
17	9¾	Zemex	.40	3.1	20	8	13	12¾	12¾	¼
29⅞	17⅞	ZenithE				734	21⅛	20½	21	+¼
18¼	8	ZenLb s			62	667	10	9¾	9⅞	⅛
22⅝	12⅝	Zero s	.29	1.9	16	179	15½	15¼	15¼	
45¾	32¾	Zurnin	1.32	3.1	17	248	42¼	41⅞	42	−⅛
10⅝	9	Zweig n				690	9⅝	9	9⅛	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 39

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Bonds blunt attempt at recovery

A WEAK BOND market undermined stock prices on Wall Street yesterday wiping out the one-day recovery they had made during their steady slide from record levels set last week, *writes Roderick Oram in New York.*

Bond prices turned sharply lower after November's retail sales proved stronger in some segments than expected although the overall picture was much as forecast.

At the close the Dow Jones industrial average was down 9.28 at 1,923.65.

The decline would have been around seven or eight points steeper if Owens-Illinois, a leading glass maker and constituent of the index had not jumped $6⅞ to $51⅛ after receiving a management buyout proposal at $55 a share.

Among other blue chips, Allied Signal fell $½ to $42½, AT&T lost $⅜ to $26⅞, Eastman Kodak declined $½ to $68⅞, General Electric slumped $1⅛ to $85¼, General Motors was off $⅞ to $70⅛ and Procter and Gamble eased down $¾ to $78⅜.

Exxon slipped $¼ to $70¼. It is selling its Reliance Electric subsidiary and related companies, which it bought in 1979, to a management group for $1.35bn.

Oils were weak generally despite reports from the Opec meeting in Geneva that oil producers were trying to lift prices and cut production. Texaco eased $⅜ to $26⅞, Mobil lost $¾ to $38⅞, Chevron fell $⅞ to $45⅞, and Standard Oil was off $⅞ to $48¼.

Schlumberger, the oilfield services company, fell $1 to $33¼ after it said it would take a $1.7bn writeoff of restructuring costs.

Goodyear Tire and Rubber, unchanged at $43, began its tender for 40m of its shares, about 40 per cent of common stock outstanding, at $50 a share.

Deere, which reported heavy forth-quarter losses on Wednesday, halved its dividend yesterday. Its shares fell $⅜ to $23⅜.

Emhart, a diversified industrial group, slipped $⅜ to $33⅜ after announcing worldwide staffing cuts and spin off of operations with annual sales of $250m.

Store groups remained weak following an analysts recommendations on Wednesday to sell the stocks because Christmas sales had been weak so far. Sears Roebuck fell $1 to $44¼, Federated Department Stores lost $½ to $86, May Department Stores declined $⅜ to $37⅜ and J. C. Penney lost $1⅜ to $76¼.

Cannon Group, the film maker and cinema operator, fell $1⅛ to $11⅞. Bankruptcy proceedings could be triggered if it fails to make a substantial debt payment on Monday to Mr Alan Bond, the Australian entrepreneur, although some form of deadline extension might be negotiated, reports indicate.

In the credit markets, bond prices eased after November's retail sales turned out to be slightly stronger than expected. Although the overall increase was 0.5 per cent as anticipated, exclusion of car sales gave a faster than forecast growth rate of 0.9 per cent.

The price of the benchmark 7.50 per cent Treasury long bond slipped of 1 full point to 101 at which it yielded 7.3 per cent.

Three-month Treasury bills slipped one basis point to 5.48 per cent while six-month and year bills gained one basis point to 5.48 and 5.50 per cent respectively.

Markets were focusing a little more than in recent months on money supply figures due for release late yesterday afternoon. M1 was believed to have risen in the latest week by about $6.5bn, far above the Federal Reserve's targets, while M2 and M3 grew by about $17bn and $18.5bn respectively in November although they remained inside their targets.

The key economic figures today are the November producer price index with a forecast rise of between 0.3 and 0.4 per cent, and manufacturers sales and inventories. The former are expected to be down while the latter show a small increase, providing further evidence for the sluggishness of the economy.

EUROPE

Rates pave way to Paris peak

INTEREST RATES returned to the centre stage in Europe yesterday providing a solid base for a new peak in France and a strong performance in Sweden. Elsewhere construction, automobile and food stocks scored good gains.

Paris closed at a record, boosted by a firmer trend on Wall Street and easier daily call money rates. The CAC General index rose 3.4 to 413.4 against a previous high of 412.5.

Foods led the advance while car shares rose on Wednesday's report that new car registrations had increased by 8.1 per cent for November. The construction sector was helped by an easing of interest rates.

In foods Lesieur jumped FFr 123 to FFr 1,430 while Moët-Hennessy gained FFr 63 to FFr 2,668.

Valeo led cars with a rise of FFr 13 to FFr 520, amid news that the group's director general Mr Armand Batteux had resigned.

Stockholm shook off its recent depressed trading and closed at its highest level for the week, with the Affarsvarlden General index rising 9.9 to 711.4.

Dealers attributed the advance to easier interest rates and by the National Institute for Economic Research forecasting slightly higher growth next year than its previous prediction.

Among blue chips Volvo was steady at SKr 343 while Asea was unchanged at SKr 344.

Ericsson also held steady at SKr 221.

Frankfurt saw little turnover and prices ended mostly easier. News that VW made a strong profits recovery in the fourth quarter provided an initial boost and prices rose. However, in the absence of any strong underlying demand most issues retreated from these early highs and ended below the previous session's closing levels.

The Commerzbank index rose 1.2 to 2,062.9 at its mid-session calculation, VW resisted the late weak trend and maintained its gains and closed DM 5.80 higher at DM 429. BMW rose 50 pfg to DM 597.50 while Daimler put on DM 6 to DM 1,257.

Bonds were slightly easier on low volume, quiet trading prompted by the approaching holiday. Prices of well traded government issues were quoted by dealers to be up to 50 basis points easier.

Brussels closed lower on profit-taking following recent gains to record highs and trading was moderately active. The sell-off was widespread but utilities were particularly hit with Intercom dropping BFr 115 to BFr 3,870. Ebes shed BFr 120 to BFr 4,990. Chemical Gevaert fell BFr 130 to BFr 6,170.

Against the downward trend steelmaker Arbed jumped BFr 205 to BFr 1,985, after having dropped BFr 160 on Wednesday.

Zurich closed steady, with the absence of fresh factors sidelining most investors. Inspectorate bearer moved SFr 15 higher to SFr 2,740 after the company announced the takeover of a German service and property group. Its bearer shares dropped sharply on Wednesday on profit-taking.

Among blue chips, bearer shares of Pargesa, the bank holding group, rose SFr 50 to SFr 2,170 – boosted by the acquisition of a new French company.

Chemicals continued to recover. Ciba-Geigy rose SFr 30 to SFr 3,640 and Sandoz certificates put on SFr 10 to SFr 1,750. Hoffmann-La Roche "Baby" shares edged SFr 75 to SFr 12,300.

Milan closed mixed in moderate trading ahead of today's December deadline for converting option contracts and the underlying tone was stronger than in recent days, dealers said.

Fiat rose L40 to L12,970 while Montedison was L50 higher at L1,870. Olivetti, meanwhile, dropped L200 to L12,500.

Amsterdam was higher on selective trading while **Madrid** was lower. **Oslo** continued its rally.

TOKYO

Blue chips dodge wave of caution

SOME BLUE chips advanced strongly in Tokyo yesterday, but investors remained cautious about a rapid rise in prices, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei market average finished at 18,731.25, down 44.93, after gaining 56 points in the morning. Volume totalled 655m shares, against Wednesday's 665m. Losers led gainers 470 to 342, with 181 issues unchanged.

Tokyo Gas drew massive buying, jumping Y60 to reach a new record high of Y1,230. It was the most active with 78.28m shares traded. Contrary to leading securities companies' expectations, however, the surge in Tokyo Gas failed to bring the market with it. One official said that prices could not be expected to increase significantly in the immediate future because they were already at a high level.

Medium-sized blue chips were popular, with Fuji Photo Film gaining Y120 to Y3,470 and Pioneer Y180 to Y2,500. Nippon Columbia advanced Y70 to Y1,670.

However, leading blue chips were sold. Hitachi closed Y10 lower at Y1,090, Toshiba Y8 down at Y682 and Matsushita Electric Industrial Y10 off at Y2,070. Fujitsu came under particularly heavy selling pressure on a report that it will have to pay more than Y1bn a month in software copyright royalties until the year 2002. The company dropped Y70 to Y1,120.

Biotechnology-related stocks, which were considered attractive on Wednesday, turned down, with Sankyo falling Y40 to Y1,640, Kaken Pharmaceutical Y50 to 2,020 and Kyowa Hakko Y40 to 2,110. Takeda Chemical closed unchanged at Y2,490, but Yamanouchi Pharmaceutical added Y10 to Y3,930. Speculator interest fanned buying of Morinaga. It rose Y50 to Y670 in active trading.

Among large-capital stocks, Ishikawajima-Harima Heavy Industries rose by a sizeable Y23 to Y483, but Nippon Kokan and Kawasaki Steel registered only a minor gain of Y2 each to Y264 and Y202, respectively.

Buying of constructions abated and Daiwa House dropped Y30 to Y1,830 and Taisei Corp shed Y3 to Y915.

Massive unloading by a leading dealer on the bond futures market dampened investor interest in the cash market, raising the yield on the 5.1 per cent government bond due in June 1996 from 5.290 per cent Wednesday to 5.320 per cent.

Trading was dominated by dealers with end-investors like trust banks and agricultural financial institutions retreating to the sidelines because of market uncertainty. Bond prices firmed in the morning as dealers believed that the short-term economic outlook the Bank of Japan will release today will have little impact on the market. But major dealers started selling later, pushing down prices.

CANADA

INDUSTRIALS and golds led the retreat in Toronto as opening gains were extended.

Pagurian Corp Class A was one of the most active industrials with a C$⅛ gain to C$14¾, while Cominco, which completed the sale of a gold mine to Yellowknife, traded C$⅛ down to C$13⅛, Husky Oil also dipped C$⅛ to C$11.

Precious metals lost ground in line with the lower bullion price, Campbell Red Lake fell C$½ to C$27 as Placer traded C$⅛ down to C$29⅞.

Montreal was led lower by industrials with banks and utilities close behind.

SOUTH AFRICA

GOLDS resisted the softer bullion price and finished firm in Johannesburg. Southvaal sprinted R4 to R187 as Welkom firmed added R1.50 to R34.50. Buffels managed to hold onto a 50 cent gain to R82.

Among platinums, Rustenburg picked up R1 to R45.75 and leading diamond group De Beers rose 25 cents to R34.25.

Industrials finished the session mixed with Barlow Rand 35 cents higher at R18.80 and SA Breweries was unchanged at R15.10.

SINGAPORE

BLOCK TRADING dominated Singapore, and the Straits Times industrial index edged 1.04 lower to 884.18. Volume totalled 15m shares.

Pegi jumped 3½ cents to 41 cents on 1.5m shares traded, Sime Darby dipped 1 cent to S$ 1.77 on 1.35m shares and MUI scored a 4 cent rise to S$1.33 on 1.31m shares while Chuan Hup rose 3 cents to S$2.63 on 1.2m shares.

HONG KONG

A SURGE of local buying combined with late overseas institutional support to take Hong Kong to a fresh record as the Hang Seng index climbed 24.54 to 2,467.13.

Most of the activity centred on a few stocks with banks particularly active. Hongkong Bank rose 20 cents to HK$9.05, and Hang Seng Bank closed 75 cents ahead at HK$39.25.

Cheung Kong jumped HK$1 to HK$37.25 on rumours of a major announcement while its major associate Hutchison Whampoa firmed 25 cents to HK$43.50.

Utilities were busy, with 10-cent gains for China Light at HK$20.80, China Gas at HK$19.40 and Hongkong Electric at HK$11.50. Turnover exceeded HK$902m compared with Wednesday's HK$788m.

LONDON

OPTIMISM in London over an Opec agreement on oil production cuts triggered an early rally which ran out of steam near the close. The FT-SE 100 index finished the day 0.6 down to 1,634.0, while the FT Ordinary index lost 0.8 to 1,284.7.

Oils were actively traded with Britoil 7p higher at 156p on 7.6m shares, while BP added 5p to 680p on 3.9m shares. Shell was also active (3.6m shares) and rose 5p to 949p.

Trading in British Gas weakened to 164m shares although its price moved 1½p higher to 62p.

Gilts were encouraged by the Opec rumours and gains of ¾ of a point were easily scored. A later shortage of stock extended these to a full point.

Chief price changes, Page 39; Details, Page 38, Share information service, Pages 36–37.

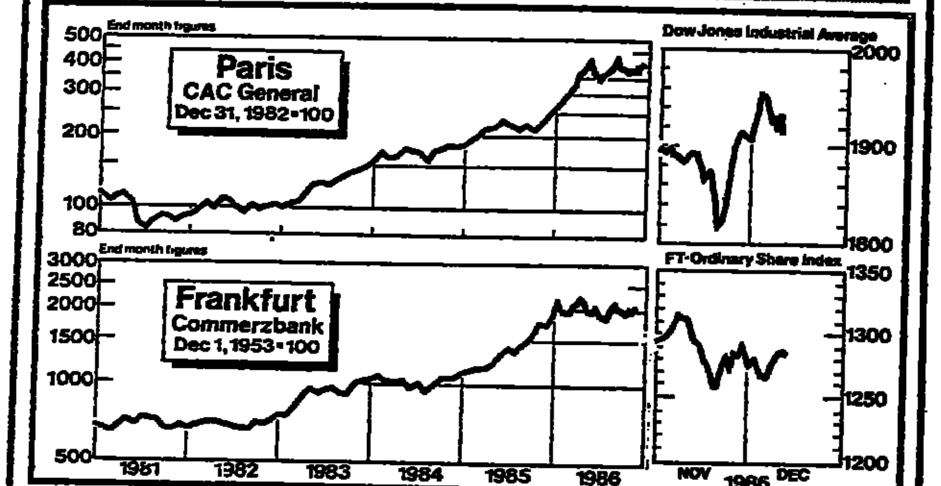
AUSTRALIA

STRONG trade figures buoyed sentiment in Sydney and pushed the All Ordinaries index 6.4 higher to 1,437.4. Industrials rallied on the data and the firmer Australian dollar, which moved on the prospect of lower domestic interest rates.

Sentiment was partly soured by reports that Mr Robert Holmes à Court was not planning a new raid on BHP and that he had disposed of large holdings in Herald & Weekly Times and John Fairfax. HWT dropped 20 cents to A$12.30, Fairfax was 20 cents off at A$10.80 and News Corp, currently bidding for HWT, retreated 40 cents to A$17.

Elsewhere, properties firmed, and mines gained ground.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Dec 11	Previous	Year ago
NEW YORK			
DJ Industrials	1,923.65	1,932.93	1,511.70
DJ Transport	841.12	845.31	715.12
DJ Utilities	210.04	212.23	167.47
S&P Composite	248.45	250.84	206.31
LONDON			
FT Ord	1,284.7	1,285.5	1,104.8
FT-SE 100	1,634.0	1,634.6	1,377.4
FT-A All-share	816.56	818.36	673.49
FT-A 500	892.28	891.78	739.84
FT Gold mines	316.9	312.6	264.2
FT-A Long gilt	10.67	10.68	10.70
TOKYO			
Nikkei	18,731.25	18,676.18	12,972.0
Tokyo SE	1,555.78	1,553.54	1,031.59
AUSTRALIA			
All Ord.	1,437.4	1,431.0	980.7
Metals & Mins.	685.4	682.5	479.2
AUSTRIA			
Credit Aktien	233.72	235.81	232.66
BELGIUM			
Belgian SE	4,198.20	4,129.26	2,848.15
CANADA			
Toronto			
Metals & Minls	1,964.20	1,979.30	2,002.0
Composite	3,035.30	3,043.80	2,843.5
Montreal			
Portfolio	1,529.48	1,533.17	1,139.29
DENMARK			
SE	194.60	194.64	233.54
FRANCE			
CAC Gen	413.4	410.0	247.5
Ind. Tendance	164.10	163.40	93.2
WEST GERMANY			
FAZ-Aktien	684.42	682.47	592.55
Commerzbank	2,062.90	2,061.70	1,745.3
HONG KONG			
Hang Seng	2,458.32	2,442.59	1,723.05
ITALY			
Banca Comm.	671.10	668.20	437.68
NETHERLANDS			
ANP-CBS Gen	286.0	284.50	234.5
ANP-CBS Ind	284.80	283.20	215.7
NORWAY			
Oslo SE	362.95	360.35	388.10
SINGAPORE			
Straits Times	884.18	885.22	647.21
SOUTH AFRICA			
JSE Golds	—	1,849.0	1,133.2
JSE Industrials	—	1,364.0	1,035.9
SPAIN			
Madrid SE	198.44	200.08	97.84
SWEDEN			
J & P	2,442.44	2,424.93	1,647.19
SWITZERLAND			
Swiss Bank Ind	594.40	595.20	553.5
WORLD	Dec 10	Previous	Year ago
MS Capital Int'l	355.0	353.40	246.8

COMMODITIES

(London)	Dec 11	Prev
Silver (spot fixing)	375.60p	373.35p
Copper (cash)	£932.50	£926.75
Coffee (January)	£1,827.50	£1,819.00
Oil (Brent blend)	$15.05	$14.625

GOLD (per ounce)

	Dec 11	Prev
London	$388.25	$391.00
Zürich	$388.75	$392.25
Paris (fixing)	–	$386.73
Luxembourg	$389.0	$387.75
New York (Feb)	$393.70	$393.10

CURRENCIES

(London)	US DOLLAR Dec 11	US DOLLAR Previous	STERLING Dec 11	STERLING Previous
$	– –	– –	1.4235	·1.4255
DM	2.0160	2.0105	2.87	2.865
Yen	162.65	162.65	231.50	231.75
FFr	6.61	6.59	9.40	9.395
SFr	1.6880	1.6815	2.4025	2.3975
Guilder	2.2785	2.2700	3.2425	3.235
Lira	1,397.50	1,392.50	1,989	1,985
BFr	41.95	41.80	59.70	59.60
C$	1.38025	1.3790	1.9645	1.9645

INTEREST RATES

	Dec 11	Prev
Euro-currencies (3-month offered rate)		
£	11⅛	11⅛
SFr	4⅝/16	4⅝
DM	4¹⁵/16	5⅛
FFr	9⅛	9⅛
FT London Interbank fixing (offered rate)		
3-month US$	6⅝/16	6⅝/16
6-month US$	6⅛	6⅛
US Fed Funds	5¹³/16 •	5⅞
US 3-month CDs	5.80 •	6.025
US 3-month T-bills	5.47 •	5.63

US BONDS

Treasury

		December 11* Price	December 11* Yield	Prev Price	Prev Yield
6⅞	1988	100⅝/32	6.231	100⅝/32	6.197
7¼	1993	101⅞/32	6.924	101⅞/32	6.884
7⅞	1996	101	7.106	101¹²/32	7.053
7¼	2016	101¹⁴/32	7.379	102⅞/32	7.325

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	Dec 11 Day's change	Yield	Day's change
1–30	160.65	−0.23	6.86	+0.03
1–10	152.76	−0.10	6.55	+0.02
1– 3	142.35	−0.02	6.21	+0.02
3– 5	155.68	−0.10	6.62	+0.03
15–30	188.90	−0.71	7.86	+0.04

Source: Merrill Lynch

Corporate	December 11* Price	December 11* Yield	Prev Price	Prev Yield
AT & T				
3⅞ July 1990	92.218	6.635	92.218	6.35
SCBT South Central				
10⅞ Jan 1993	106.375	9.48	106.375	9.499
Phibro-Sal				
8 April 1996	100	8	99.625	8.058
TRW				
8⅞ March 1996	103.75	8.159	103.75	8.928
Arco				
9⅞ March 2016	110.375	8.873	109.75	8.928
General Motors				
8⅛ April 2016	93	8.792	93	8.792
Citicorp				
9⅞ March 2016	100.75	9.27	100.875	9.265

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	99-30	100-24	99-29	100-30
US Treasury Bills (IMM) $1m points of 100%				
Dec	94.53	94.54	94.52	94.54
Certificates of Deposit (IMM) $1m points of 100%				
Dec	—	—	—	94.22
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	93.86	93.88	93.85	93.88
20-year Notional Gilt £50,000 32nds of 100%				
Dec	109-06	109-02	108-05	108-06

* Latest available figures